

ADULTS AND HEALTH SCRUTINY COMMITTEE	AGENDA ITEM No. 7
9 NOVEMBER 2021	PUBLIC REPORT

Report of:	Will Patten, Director of Commissioning	
Cabinet Member(s) responsible:	Councillor Irene Walsh, Cabinet Member for Adult Social Care, Health and Public Health	
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RELATIONSHIP BETWEEN THE COUNCIL AND PRIVATE SECTOR COMMERCIAL PROVIDERS (ADULT SOCIAL CARE)

RECOMMENDATIONS	
FROM: Will Patten, Director of Commissioning	Deadline date: N/A
It is recommended that the Adults and Health Scrutiny Committee note and comment on the contents of this report.	

1. ORIGIN OF REPORT

1.1 This report is submitted to the Adults and Health Scrutiny Committee following a request from the Chair at the agenda setting meeting held on 27 September 2021.

2. PURPOSE AND REASON FOR REPORT

To provide an overview of the Council's relationship with Adult Social Care Providers.

2.1 The purpose of this report is to provide an update to the Committee on the Council's commissioning relationship with providers of adult social care across Peterborough and to enable the Committee to review the outcomes of the approach adopted.

2.2 This report is for the Adults and Health Scrutiny Committee to consider under its Terms of Reference Part 3, Section 4 - Overview and Scrutiny Functions, paragraph No. 2.1 Functions determined by Council

- Adult Social Care.

2.3 This supports the corporate priority of:

- Achieve the best health and wellbeing for the city

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. BACKGROUND AND KEY ISSUES

4.1 Statutory Duties under the Care Act 2014

4.1.1 Independent sector providers play a critical role in ensuring Peterborough City Council can meet its statutory duties under the Care Act 2014 and it is therefore important all parts of the adult social care service work hand in hand with the market.

4.1.2 Under the Care Act 2014, the Council has a statutory duty for market shaping and commissioning of adult care and support services. There is an expectation in the Care Act that market shaping will happen in collaboration with relevant partners. This includes:

- Market shaping: engaging with stakeholders to understand the current local supply and demand for services and predict or anticipate what the future needs are likely to be based upon the changing needs and aspirations of people who use services.
- Commissioning: determining at a strategic level what care and support services in the marketplace should be designed, delivered, monitored and evaluated.
- Procurement: specific function of buying or acquiring a service.
- Contracting: contract management ensures that the services continue to be delivered in line with what has been commissioned.

4.2 Commissioned Provision - Context

4.2.1 Peterborough City Council (PCC) holds a significant number of contracts with independent sector providers for the provision of adult social care services (ASC), with 82% of the adult social care budget spent on commissioning of provision from the independent sector. The majority of care home and domiciliary care provision in Peterborough is commissioned on a spot purchase basis with frameworks in place with our providers. Across Peterborough, there are 36 Care Quality Commission (CQC) registered care homes and 57 CQC registered community providers.

4.2.2 We also have a range of block contracted provision in place. Peterborough City Council current holds 131 block contracts with 111 providers predominantly relating to the following areas:

- Direct Payments Support
- Carers Respite and Support
- Learning Disabilities – Day Opportunities and Supported Living
- Extra Care Services
- Community Equipment
- Mental Health provision
- Prevention and Early Intervention – Voluntary Sector

4.3 How we work collaboratively with local providers

4.3.1 Interaction, engagement and collaboration takes place with our providers across a range of areas on a regular and ongoing basis:

- **Strategic Commissioning:** Commissioners work with local providers to review existing services, develop new and creative solutions to meeting the growing demand for adult

social care and engage with the market as part of the development of procurement approaches.

- **Contract Management:** Contract Managers are the main point of contact for providers we currently hold a contract with. Through a range of interfaces, which include monthly forums, one to one meetings and virtual newsletters, Contract Managers work with providers to ensure they can maintain and deliver quality services, achieve value for money and manage any risks arising.
- **Brokerage:** The Brokerage Team are responsible for placing individual packages of care for either domiciliary care, supported living, extra care or care home provision with local providers. This means they are in daily contact with many providers, building up a good understanding of current good practice, challenges and pressures. This is communicated with the Contract Management Team to enable them to liaise with and support providers.
- **Social Work Operational Teams:** Providers see and support many service users daily and therefore hold a detailed understanding of the needs, preferences and personal challenges each individual faces. Recognising this, Social Workers often work in partnership with providers in managing a change in need and undertaking a review of an existing care package amongst other activities.

4.3.2 A number of examples of how we have supported and worked with providers in practice are outlined below.

4.3.3 **Responding to the COVID-19 Pandemic:** The pandemic has had a significant impact on our providers, including:

- Impacts on workforce due to sickness absence, the isolation and cohorting of staff, health and wellbeing due to the stressful working environments and the introduction of mandatory vaccinations in care homes.
- Cost pressures primarily as a result of increased workforce costs and the introduction of infection and prevention control measures.

4.3.4 The impact of COVID-19 is still with us and continues to present challenges to our providers. However, Covid created opportunities for us to work much closer with our providers, and this contact has led to an overall better understanding and relationship with Providers. To date, the Council have supported and engaged with local providers in the following ways:

- **Distribution of Local and Central Funding:** The distribution of local and National funding such as an initial 10% emergency uplift by the Council, payment to plan, Infection Control Funding (ICF), Rapid Testing and the Workforce Funding Grant were led by feedback received from providers. Distribution of the discretionary element of the ICF was collaboratively agreed and included feedback about its impact from providers who received the non-discretionary ICF.
- **Improved Communication and Engagement:** Communication, engagement and collaboration with our providers has significantly improved over the period of the pandemic which has benefited both the Council and providers. The quality, frequency and types of communication have increased and there has also been an improvement in the consistency of communication undertaken across adult social care, our NHS Partners and public health. Communication is undertaken through a range of different interfaces:
 - **Provider Forums** – The forums include providers from across Cambridgeshire and Peterborough with the frequency of forums varying from twice a week to the current 2-weekly position. They are run based on care category across care homes, home care, supported living, day services and housing related support. Forum membership has extended over time to include Public Health, the CCG, provider alliance groups, on and off framework providers and a wealth of experts such as infection control teams, medicine management and end of life support. All forums are very well attended with positive feedback received from providers.

- **Provider Newsletter** - In the initial days, weeks and months of the pandemic, information advice and issues changed frequently, and a newsletter was developed as the single route to the market in response to the demands. The newsletter was compiled jointly with the CCG and Public Health and initially distributed 3 times a week. Provider feedback about the newsletter and forums were that it was a critical support mechanism and hugely valued. The Newsletter and Forums remain in place the latter being used for multi-agency Winter Education Sessions.
- **Dedicated Email Address** - A dedicated email address was identified to providers at the outset of the pandemic. This was manned 7 days a week throughout 2020 and over the 2020/21 Winter covid surge. This facilitated an immediate and direct response to providers and continues to be heavily used as a point of Provider/Council supportive interface.
- **Outbreak Management Support** - Prior to the Pandemic, when providers experienced an outbreak of an infectious disease such as Norovirus or Influenza, communication and support was coordinated by the Health Protection Team. This resource was insufficient and too removed from local providers and after the initial report of an outbreak, a complete wrap around service was provided by the council. This included:
 - daily contact during an outbreak 7 days a week,
 - a joint Health and Care support function including coordination of Primary Care when needed.
 - practical advice about Infection control Management
 - staffing support when in crisis due to an outbreak
 - provision of emergency PPE
- **Vaccination Roll Out** - The Council were fundamental in the coordination of the Covid Vaccination plan working to develop and implement the plan for Care Homes and leading the access to vaccinations for the wider Social Care Workforce. This was very much valued by providers who felt the Council had once again prioritised support to them.
- **Market Management and Investment** - We have also provided a range of indirect financial support through workforce support and guaranteed capacity funding, including:
 - The use of volunteers and redeployment of resources to support providers' capacity within the early stages of the pandemic
 - Emergency access to Personal Protective Equipment prior to national supply being made available from central government
 - Local wellbeing support offer developed for the provider workforce
 - Continued to fund day services, which have closed, where staff can be redeployed to alternative critical service provision.
 - Continuing to pay for home care packages and direct payments where individuals were chosen to be cared for by relatives throughout the pandemic.
 - Sustained funding of transport arrangements at 75% of contract value.
 - Cash flow for providers has been supported through the introduction of 4 week in advance payments for bed-based care, rather than 4 weeks in arrears.
- **10% Fee Uplift:** In recognition of the immediate challenges that were presented to the independent sector, the Council took a decision to support the market financially through the award of a 10% emergency uplift in provider rates. This was seen as an essential step in both support and commitment to our providers and further demonstrated the Council's ability to act in an emergency situation to support the independent sector to continue to provide quality care to the people of Peterborough.

4.3.5

Throughout the pandemic there have been peaks in demand for services across health and social care which have required a system response, particularly to avoid admission to hospital and support timely hospital discharge into the community as part of the Discharge to Assess initiative. The relationships developed throughout Covid have positioned us firmly as a partner

and providers have 'rallied' to identify mechanisms to ensure continuity of care working with the Council to this end. With most providers considering and some actioning their business continuity plans the open communication plans are providing us with early identification of risk. This enabled us to develop and implement a rapid, flexible response to meet this need, which included the commissioning of the following additional capacity:

- Additional residential and nursing beds to support hospital discharge at the outset of the pandemic
- Expansion of community equipment service to provide 7-day access
- Additional discharge car capacity
- Emergency placement capacity for Mental Health and Learning Disabilities to support admissions avoidance
- Designated settings capacity (9 beds at Butterfly Unit) in line with national requirements for those being discharged as covid positive who were not able to safely isolate in their usual care home
- Extra Care provision
- Live in Carer block contract provision
- Expansion of the Carer's sitting service and 'what if plans'
- Additional capacity to support 7 day working across social care and brokerage
- Expansion of Enhanced Response Service into Peterborough

4.3.6

Workforce & Capacity: An analysis of the National Minimum Dataset obtained by Skills for Care indicates that providers operating across the independent sector within Peterborough will face significant challenges in recruitment and retention and it is likely that this will be exacerbated to some extent by the impact of Brexit. Analyses undertaken for 2020/21 indicate the following trends are taking place within Peterborough:

- In Peterborough there were an estimated 6,400 jobs in adult social care, split between local authorities (3%), independent sector providers (89%) and jobs working for direct payment recipients (8%). This has grown by 12% since 2012 and is likely to increase by another 31% by 2035.
- It is estimated that the staff turnover rate in Peterborough was 35.5%, which was similar to the region average of 30.9% and higher than England, at 29.5%. This may be due to the higher level of reliance in Peterborough on non-British nationalities amongst the workforce.
- Nationality varied by region, in England 83% of the workforce identified as British, while in the Eastern region this was 82%. An estimated 77% of the workforce in Peterborough identified as British, 13% identified as of an EU nationality and 10% a non-EU nationality
- The majority (78%) of the workforce in Peterborough were female, and the average age was 41.6 years old. Workers aged 24 and under made up 9% of the workforce and workers aged over 55 represented 20%

4.3.7

Market competition is also a key challenge to improving recruitment and retention. Whilst the unemployment rate within Peterborough is slightly higher than the national average at 4.8%, salaries within alternative industries such as leisure and retail remain competitively high in comparison to adult social care, making it difficult to attract new recruits to the sector. In the immediate term, we know from provider feedback that current workforce issues are a daily pressure, and in turn the Council which has been exacerbated by both COVID-19 and BREXIT.

4.3.8

The Council has been engaged in a significant level of partnership working with local independent sector providers and the wider health and care system, with the aim of tackling workforce challenges across the sector. The Council have worked with local providers to invest in a recruitment campaign with the support of the Workforce Capacity Grant issued during the

pandemic period. In the period of time it was running, the #BeACareWorker campaign. The content of the campaign has been shortlisted for an International Content Marketing Award.

- 4.3.9 **Cost Increases and Inflationary Uplifts:** The Council has developed and implemented a local uplift strategy, which included the commitment to increase local homecare rates over 5% over two years from 2019-20 to 2020-21. We have now developed an adult social care inflationary uplift strategy for 2021/22 which assesses feedback from the local market and considers this in the context of known inflationary pressures in formulating a set of recommendations to support the market.

4.4 Provider Feedback

- 4.4.1 Overall, we have received a positive response from the market over the course of the pandemic. Below are some examples of feedback received from providers:

- *“You have given us great guidance over the last 9 months, informative and knowledgeable and when we don’t have the answers very quick to investigate and respond. In a year where we have had conversations about something we never thought we would experience, it has been a great support to myself and my team.”*
- *“I think the way in which you and your teams have supported us throughout the last year has been exemplary, and as I deal with many other Councils, I can say that you are by far a leading example. We all get feedback that sometimes isn’t great so it’s important to share the good too!”*
- *“We would like to say thank you from the company regarding the contract rate increase which we are very pleased to receive. This will certainly help with the additional costs that I am sure will be incurred over the coming months but will also allow us to say a further thank to our staff for their hard work, commitment and dedication that they have shown over the last 12 months. We are very mindful of the extreme costs that the LA has faced over the last year and that I am sure will continue for a while to come, I would like to reassure you that we will continue to deliver our service to the best of our ability and work with you in achieving the desired outcomes whilst looking at efficiency savings in the delivery of the service. We look at ourselves as being very lucky at how this terrible virus has not affected us in the same way as many, but also proud that the staff have worked to correct procedure in keeping everyone safe. Thank you for all your support and guidance that you have given all of us during the last 12 months.”*

4.5 Future Priorities

- 4.5.1 In line with the national picture, local providers in Peterborough are currently facing a range of unprecedented challenges and it is fundamental that we continue to work collaboratively with providers to address these as we move forward, ensuring that we build on work to date and lessons learnt.

Cost Pressures

- 4.5.2 The Covid-19 pandemic has structurally changed the care market. These changes have been seen regionally and nationally and include:
- infection control measures now part of the cost base,
 - reduced bed-based occupancy levels,
 - reduced alternative income streams of group-based services such as self-funders,
 - legacy costs from the first wave of Covid-19 (Block beds), and
 - increased needs and therefore costs to meet those needs.

- 4.5.3 Outside of COVID-19, the sector has continued to deliver provision at a comparatively low cost in the face of rising costs over a number of years. The National Living Wage has seen a cumulative increase of 23.8% since 2016-17, with the increase in 2020-21 being notably higher than usual at 6.2%. The recent government announcement on the increase to National Insurance will also impact on the resilience and sustainability of providers.
- 4.5.4 The need to support the sustainability and development of providers has also been prioritised and incorporated into business planning processes through the development of a three-year inflation forecast for providers based on the figures and projects currently available to us. Projections will be reviewed on an annual basis and sense checked against feedback received through negotiations taking place within the previous year.
- 4.5.5 We will continue to distribute national funding to support the market (e.g. Infection Control Funding), ensuring that discretionary elements are distributed in consultation with local providers.
- 4.5.6 *Workforce and Capacity*
As we transition from a Covid Pandemic, to an Endemic, we are seeing fragility in the market mainly as a result of workforce pressure. Providers are reporting higher levels of workforce attrition compared to recruitment, workforce burnout with competitive rates of pay from the retail and Leisure Industry.
- 4.5.7 This emphasises the need for the development of a Local Workforce Strategy with Central Government support. More work is required to establish a 'Career in Care' for those delivering front line services on behalf of adult social care and ensure access to opportunities and progression is made available to support the sector to improve on current recruitment and retention.
- 4.5.8 *Increasing Demand and Complexity*
Demand for adult social care services is increasing, as is the complexity of need people are presenting. Development of new approaches to delivery and the provision of care will prove critical to meeting rising demand in a way which meets individual outcomes in a financially sustainable way both now and in the future. The Council cannot and does not do this alone, recognising that working with providers as partners is key to addressing current and future gaps in capacity.
- 4.5.9 Key to this is the Market Position Statement which was co-produced with local providers and can be found here: [Introduction and overview - Peterborough City Council](#). Whilst this document is due to be reviewed and updated, many of the themes remain relevant. At present, Peterborough is working with several other Councils as part of the ADASS Regional Network to undertake a regional market position statement. Once this is complete, the local market position statement will be updated and developed collaboratively with providers.
- 4.5.10 As we begin to work towards a 'new normal' following the pandemic, we have a key opportunity to reshape provision, to move away from the traditional offering of residential home provision to deliver more flexible, local, person-centred solutions based around peoples' homes, that promote independence. In seeking a shift in focus towards a more localised, placed based approach which is focused on commissioning for outcomes rather than outputs, we will seek to involve providers at the earliest possible stage from development of strategies and assessments of needs right the way through to procurement.
- 4.5.11 *Adult Social Care Reforms*
On the 7th September 2021, Government announced their proposals for social care reform in their white paper, ["Build Back Better: Our plan for health and social care"](#).

4.5.12 The Government also announced £36bn of investment in the health and care system over the next three years to tackle the Covid backlogs, adult social care reform, and bring the health and social care system together on a long-term sustainable footing. This funding will be raised through a 1.25% increase in National Insurance Contributions (NICs). Over the next 3 years, social care will receive £5.4bn of this funding to implement the social care reforms set out in the White Paper.

4.5.13 The reform proposals will potentially introduce additional financial costs and risk to the local providers. We await detailed funding proposals before we are able to determine the full implications. However, the key areas of risk, as we currently understand them:

4.5.14 The white paper outlines the following commitments to reform social care, which we believe may impact adult social care:

- **Introduce a cap on personal care costs:** a lifetime cap on care costs of £86,000 will be introduced from October 2023. The White Paper states that this “will apply regardless of where someone lives, how old they are, what their condition is, or how much they earn”.
- **Provide financial assistance to those without substantial assets:** the state will cover all care costs for anyone with assets under £20,000. Anyone with assets between £20,000 and £100,000 will be expected to contribute to the cost of their care on a means tested sliding scale basis.
- **Harmonisation of care costs:** The White Paper states that “we will ensure that self-funders are able to ask their Local Authority to arrange their care for them so that they can find better value care”.

4.5.15 *Potential Impact of these Changes*

Our initial interpretation is that there will be implications to local providers. The Government has not yet published either detailed costings or how it intends to fund the additional financial pressures on local government. Whilst government has stated it plans to cover the costs of implementing these changes from the £5.3bn set aside for social care. We don't yet know what funding formulas will be applied in terms of our allocation and if there will be a gap.

- **Funding for ongoing Pressures and Demand for Social Care:** The announcement doesn't directly sight additional funding to help us deal with social care pressures and increased levels of need. The white paper seems to indicate that local authorities will have to fund their “demographic and unit cost pressures” from a combination of “council tax, social care precept and long-term efficiencies”. The white paper then goes on to say, effectively, that social care funding “will be determined in the round at the Spending Review in the normal way”. Usually, the spending review negotiations will focus on how much of the increase in resources will be funded from council tax and how much by the Treasury. We would expect the same in the 2021 spending review and we will have to wait until budget in October 2021 and the Local Government Finance Settlement in December to understand the full implications.

There is also an additional risk in that the additional funding for the NHS will increase their activity levels in the short term and place more pressure on social care, without the additional resources to cope.

- **Changes to care cost cap and financial assessment limits:** In reality, the number of older people breaching the cap is likely to be relatively small. It is more likely to impact on working age adults with long-term care costs due to the lifetime of those care costs being longer and self-funders who typically pay more for their care. Changes to the financial assessment limits will result in the new £100,000 limit being over 4 times higher than the current limit of £23,250, this potentially means that more people will be eligible for support than under the current system. The local authority will potentially have a financial liability to fund more packages of care, as a result of both of these changes. The £86k cap applies to care costs and not accommodation costs, but we are not clear how this will be applied in practice. Currently costs for residential and nursing care are paid for as a single fee, inclusive of all accommodation, food and care costs. How this will impact on providers is yet not clear and there will be a need to understand the implications for business models and fees.

- **Increased Costs of Care - Market Impact**

Introduction of the 1.25% Health and Social Care Levy: There will be a requirement for employers to contribute towards the new levy, representing an increase to employer based NICs for our providers.

In the October 2021 budget, Government announce a 6.6% increase to the National Living Wage (NLW) to increase the rate to £9.50 per hour. Whilst this will offset some of the tax burden for low income workers, it will present an additional pressure to providers to cover the cost of increased wages.

The White Paper indicates that public sector employer costs will be covered by government, however it is unclear whether this will extend to covering the impact of wider independent provider costs.

- **Market Equalisation of Care Costs:** The White Paper states that “we will ensure that self-funders are able to ask their Local Authority to arrange their care for them so that they can find better value care”. Self-funders typically pay higher rates than the local authority and so any equalisation of market rates will potentially result in increased rates for local authorities. We do not know the level of fees that self-funders pay over and above local authority rates, though some reports have indicated that this could be up to 50% higher (County Care Markets Report).

4.5.16 A key priority over the coming months is to fully understand the new reforms and the impact that this will have for our providers. We will be working closely with providers, as more information on the reforms become available to enable to us to have a robust view of impact and work collaboratively to address some of the additional pressures this may present.

5. CONSULTATION

5.1 This report is for the purposes of providing an update to Committee.

6. ANTICIPATED OUTCOMES OR IMPACT

6.1 Positive and collaborative relationships with adult social care providers will have an impact on outcomes for individuals who receive care and support.

7. REASON FOR THE RECOMMENDATION

7.1 The purpose of this report is to provide an update to the Committee on the Council's commissioning relationships with providers of adult social care and to enable the Committee to review the outcomes of the approach adopted.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 The report provides an update on the Council's relationships with adult social care providers. There are therefore no alternative options considered.

9. IMPLICATIONS

Financial Implications

9.1 The detailed implications of the announced reforms to Social Care are still awaited. Once received, a detailed assessment of the ongoing financial risk can be made.

Legal Implications

9.2 *There are no significant legal implications.*

Equalities Implications

9.3 *There are no significant equalities implications.*

Rural Implications

9.4 *There are no significant rural implications.*

Carbon Impact Assessment

9.5 This is a report to update Committee on the Council's commissioning relationship with providers. There are no carbon impacts related to this report.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

10.1 *None*

11. APPENDICES

11.1 *None*