

AN UPDATE ON COST OF CARE AND MARKET SUSTAINABILITY PLANNING IN ADULT SOCIAL CARE
Cllr John Howard, Cabinet Member for Adult Social Care, Health and Public Health
March 2023
Deadline date: 27 th March; date for publication of Market Sustainability Plan.

Cabinet portfolio holder: Responsible Director:	Cllr John Howard, Cabinet Member for Adult Social Care, Health and Public Health Will Patten, Service Director for Commissioning
Is this a Key Decision?	NO
Is this decision eligible for call-in?	YES
Does this Public report have any annex that contains exempt information?	NO

RECOMMENDATIONS	
The Cabinet Member is recommended to:	
<ol style="list-style-type: none"> 1. Note ongoing work to produce a Market Sustainability Plan in line with Government requirements 2. Delegate approval of the Market Sustainability Plan to the Director of Adult Social Care Services. 	

1.	PURPOSE OF THIS REPORT		
1.1	This report is for Cabinet Member 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 (a).		
2.	TIMESCALES		
	Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting
			N/A

3.	BACKGROUND AND KEY ISSUES
3.1	<p data-bbox="280 219 454 253">Background</p> <p data-bbox="280 286 1463 521">3.1.1 Under Section 5 of the Care Act 2014, Local Authorities have a ‘market shaping’ duty to promote the efficient and effective operation of their local social care market to ensure that services are diverse, sustainable, and are of a high quality for the local population. This includes those who pay for their own care. The Government’s definition of a sustainable market is one which “has a sufficient supply of services but with providers entry and exit, investment, innovation, choice for people who draw on care, and sufficient workforce supply”.</p> <p data-bbox="280 555 1463 824">3.1.2 In 2021, the Department for Health and Social Care (DHSC) published Build Back Better-our plan for health and social care and People at the heart of care - adult social care reform white paper which outlined significant legislative changes to Adult Social Care, planned to come into effect from October 2023. In preparation for these changes, Local Authorities across England with social care responsibilities were required to provide information on the sustainability of their local care provider market, and to conduct and exercise with the market to establish the costs of providing care.</p> <p data-bbox="280 857 1463 1059">3.1.3 As part of the reform agenda, Local Authorities are expected to produce 2 Cost of Care Reports (one for Care Homes and another for Home Care) as well as a Market Sustainability Plan. In late December 2022, DHSC announced that all Local Authorities must publish their Cost of Care reports on their GOV.UK websites by 1st February (this has been completed) and publish their Market Sustainability Plans by 27th March 2023. Work is now underway to finalise out Market Sustainability Plan.</p> <p data-bbox="280 1093 1463 1160">3.1.4 This report updates Members on the published Cost of Care exercises and ongoing work to produce a Market Sustainability Plan.</p>
3.2	<p data-bbox="280 1227 699 1261">Cost of Care (CoC) Exercises</p> <p data-bbox="280 1294 1463 1395">3.2.1 Both Cost of Care reports are provided as appendices to this report and are available to view on the PCC website together with common FAQ’s Cost of Care Exercise - Peterborough City Council.</p> <p data-bbox="280 1429 1463 1597">3.2.2 Approximately half of the local provider market responded to the CoC exercise. The information received has helped the Council to better understand the cost of care delivery in Peterborough and the Council wishes to thank all providers who took part in the exercise. The information from the reports will also inform the development of a Market Sustainability Plan.</p> <p data-bbox="280 1630 1463 1865">3.2.3 Full details of the identified funding gap and market sustainability funding can be found in the respective CoC Reports. As DHSC guidance makes clear, the outcome of the CoC exercises is not intended to set fee levels paid by PCC or replace its commissioning processes and individual contract negotiation. PCC will continue to negotiate and use competition to establish fee rates as it strives to balance its best value duties with the costs of providing care. Fee rates paid by PCC will continue to vary across providers, localities, and care types.</p>
3.3	<p data-bbox="280 1899 742 1933">Market Sustainability Plan (MSP)</p> <p data-bbox="280 1966 1463 2038">3.3.1 During March 2023, officers will produce a MSP using the template published by DHSC on 1st February 2023, information from the Cost of Care exercises and</p>

	<p>feedback from local providers. The template provided by DHSC can be found at Appendix B.</p> <p>3.3.2 A key limitation of the Government’s CoC and MSP requirements is its focus on only two parts of the local market (care homes for older people and homecare). In Peterborough, as probably across the rest of the country, sustainability is an issue for the entire market including learning disabilities providers and the voluntary and community sectors. To focus on sustainability in only two sectors of the market would risk negatively impacting on other parts of the market, as providers refocus onto other more financially sustainable areas of care where the investment has been made. For this reason, PCC has opted to widen the scope of its MSP to include the whole market.</p> <p>3.3.3 In line with the Government’s template, the MSP will be made up of 3 sections: -</p> <ol style="list-style-type: none"> 1. Assessment of the current sustainability of local markets; 2. Assessment of the impact of future market changes between now and October 2025 on local markets; 3. Plans to address these sustainability issues in the markets, including how the funding has been spend and the impact on the wider market and other actions to improve market sustainability such as waiting times, workforce, technology expansion or innovative care models. <p>3.3.4 The Market Sustainability Funding (MSF) for 22-23 has been targeted at the lowest cost care home and home care packages. A more detailed view of how the funding was spent and the impact on the local market will be included in the MSP currently being produced.</p> <p>3.3.5 Provider engagement sessions have been held to inform the MSP, share the Council’s understanding of wider market sustainability issues, and involve providers in shaping our approach to market sustainability. This was an opportunity to be transparent with providers about the funding gap within adult social care and develop an approach to target funding to the most acutely pressured parts of the <u>entire</u> local care market, should Government funding conditions allow in 23/24. This is with the intention to explore how tangible improvements in Peterborough’s adult social care market can be delivered within a financially challenging landscape so local people continue to have choice and easy access to high quality care and support when they need it.</p> <p>3.3.6 The Cabinet Member is requested to delegate approval of the Market Sustainability Plan to the Director of Adult Social Services in order for the MSP to be published by the deadline of 27th March 2023 set by the Government as part of grant funding conditions.</p> <p>3.3.7 Officers will provide the Cabinet Member a further report once the Terms and Conditions of MSF allocation have been released by DHSC to agree the funding allocation. Without the Terms and Conditions, officers are only able to create an indicative plan for MSF allocation pending full confirmation from DHSC. At the time of writing, officers are unable to say when the Terms and Conditions will be released by DHSC.</p>
4.	CORPORATE PRIORITIES
4.1	<p>The Economy And Inclusive growth</p> <p>There are no significant implications to the environment as this is outside the scope of this report. The ability of the market to deliver improved carbon and environmental outcomes</p>

	<p>did not form part of engagement with the market or Market Sustainability Plans. However, this can be explored and integrated during the implementation stage of the process once the MSF allocation is agreed and the terms and conditions received.</p> <p>There will be impacts to the economy and growth within the market linked to the implementation of the Market Sustainability Plan. Impacts and Implications are set out in the respective Cost of Care Reports found at Appendix A.</p>
4.2	<p>Our Places and Communities</p> <p>Whilst the Market Sustainability does not link with PCC's corporate strategy in relation to Place, the plan does impact the Lives/Work and Health and Wellbeing priorities. If providers in the local Peterborough market receive increased funding, whilst this may not totally bridge the funding gap, it may improve the personal outcomes of those receiving care, as well as improving health and wellbeing outcomes for those delivering care.</p>
4.3	<p>Prevention, Independence and Resilience</p> <p>The Market Sustainability Plan links with PCC's prevention, independence and resilience priorities in relation to Adults. An increase of funding in certain areas such as home care may prevent service users from requiring a higher level of care or a care home, this also promotes independence. Additionally, the allocation of funding to this area may equate to more opportunities to join the care workforce.</p>
4.4	<p>Sustainable Future City Council</p> <p>The Market Sustainability plan works towards creating a more sustainable care market for Peterborough and therefore links with PCC's sustainable future priority.</p>
5.	CONSULTATION
5.1	<p>Commissioners have carried out the following activities: -</p> <ul style="list-style-type: none"> • Commissioning Laing-Buisson to undertake data gathering; • Consulting with Heads of Services, Directors and Seniors to agree priorities and allocations; • Publication of the Cost of Care exercises on the PCC website • Provider Engagement Sessions held in early February 2023
5.2	<p>In addition, the following activities have been carried out to develop a Market Sustainability Plan: -</p> <ul style="list-style-type: none"> • Creation of a Cost of Care 'Task Group' comprising of Senior Commissioning Managers, Senior Contract Managers and PCC finance colleagues. <p>At the time of writing, the recommendation is being considered by Budget CLT.</p>
6.	ANTICIPATED OUTCOMES OR IMPACT
6.1	These are outlined within Appendix A.
7.	REASON FOR THE RECOMMENDATION
7.1	This has been recommended because PCC are required to publish our Cost of Care Reports and Market Sustainability Plans as directed by DHSC.
8.	ALTERNATIVE OPTIONS CONSIDERED
8.1	The following option was considered and rejected: -

	To do nothing. This option is rejected as PCC is required to publish its Market Sustainability Plan as directed by DHSC. Failure to do so would result in a lack of funding for the care market. This would disadvantage us with our 'market shaping' duty under Section 5 of the Care Act 2014.
9.	IMPLICATIONS
	Financial Implications
9.1	There are no significant implications within this category full financial implications cannot be outlined until the Terms and Conditions of funding allocation are confirmed by DHSC.
	Legal Implications
9.2	The legal implications of this recommendation are stated above at 3.1.1.
	Equalities Implications
9.3	There are no significant implications within this category, as set out in the attached EQIA at Appendix C.
	Carbon Implications
9.4	There are no Carbon Implications, as set out in the attached Carbon Impact Assessment at Appendix D.
	Procurement Implications
9.5	The Cost of Care exercises do not 'set' the funding level that will be paid by PCC. PCC will continue to use its commissioning processes to negotiate fee levels with the market and obtain best value for the public purse. Fee levels will continue to vary across provider, care types and localities.
10.	DECLARATIONS / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED
10.1	None/
11.	BACKGROUND DOCUMENTS
11.1	The following documents were used to prepare this report: - <ul style="list-style-type: none"> • The Department of Health and Social Care – “Build Back Better; Our plan for health and social care” • The Department of Health and Social Care – “People at the Heart of Care – Adult Social Care Reform White Paper” • PCC Cost of Care Exercise – Care Home for people aged 65+ • PCC Cost of Care Exercise – Homecare for people aged 18+ • Draft Market Sustainability Plan
12.	APPENDICES
12.1	The following appendices are attached: <ul style="list-style-type: none"> • Appendix A – Cost of Care Reports and Draft Market Sustainability Report (October 2022)

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| | <ul style="list-style-type: none">• Appendix B – DHSC Template• Appendix C – EqIA• Appendix D – Carbon Impact Assessment. |
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Consultation	Section	Name	Outcome	Date
<p>Shared Service? If you are writing a report as an officer from a shared service authority, all approvals will need to be provided by Peterborough City Council officers.</p>	<p>Ward Councillors (if decision is ward specific)</p>	N/A	N/A	N/A
	Legal	Lynn Hull	Approved	15.03.2023
	Finance	Fiona Chapman	Approved	16.03.2023
	Democratic Services	Philippa Turvey	Approved	16/03/2023
	Communications	Karen Newton	Approved	13.03.2023
	Transport and Environment	Charlotte Palmer/Hannah Swinburne	Approved	24.02.2023
	<p>Procurement Project Director (if decision is contract/procurement related)</p>	N/A	N/A	N/A
	<p>Head of Strategic Property (if decision is property related)</p>	N/A	N/A	N/A
<p>Other Officers / Members (if the proposals will have an impact on their service area)</p>				
<p>I have checked that the report adheres to accessibility regulations Further information below</p>				
<p>Is your decision urgent?</p> <p>If you think your decision may need to invoke urgency procedures, please read through this urgency guidance and contact Democratic Services as soon as possible.</p>				
<p>Is your decision a compensation payment?</p> <p>If your decision is in relation to a compensation, please make sure that you provide a copy of the draft CMDN to the recipient for comment and advise them of the expected publication date.</p>				
<p>Director's Approval Directors are requested not to sign if the above section is incomplete</p>	Will Patten			<p>Date 13.03.2023</p>
<p>Once signed by Director, please pass to Democratic Services. We will contact the Cabinet Member and arrange for signature.</p>				
<p>Cabinet Member Approval</p>				<p>Date</p>

