

<b>DECISION TITLE: Approval for allocation of Market Sustainability Funding</b>
<b>Cllr John Howard, Cabinet Member for Adult Social Care, Health, and Public Health.</b>
<b>April 2023</b>
<b>Deadline date:</b> 24 <sup>th</sup> May; date for submission of Annex A

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?	YES  If yes, has it been included on the Forward Plan: YES  Unique Key decision Reference from Forward Plan: KEY/27FEB23/01
Is this decision eligible for call-in?	YES
Does this Public report have any annex that contains exempt information?	NO

<b>RECOMMENDATIONS</b>	
The Cabinet Member is recommended to:	
<ol style="list-style-type: none"> <li>1. Note ongoing work to produce an updated report for the Department of Health and Social Care (Annex A Report), following publication of PCC's Market Sustainability Plan in March 2023.</li> <li>2. Delegate approval of the Annex A Report to the Director of Adult Social Care Services.</li> </ol>	

**1. PURPOSE OF THIS REPORT**

- 1.1 This report is for the 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 (a).

**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 Background

- 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."
- 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.
- 3.1.3 As part of the reform agenda, Local Authorities were 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 1<sup>st</sup> February and publish their Market Sustainability Plans by 27<sup>th</sup> March 2023. PCC's Cost of Care reports and Market Sustainability Plan (MSP) can be found here [Cost of Care Exercise and Market Sustainability Plan - Peterborough City Council](#).
- 3.1.4 Following submission of the MSP, DHSC released updated guidance in late March 2023 which outlined the next steps for Local Authorities. The guidance can be found here [Social care resources explanatory note - GOV.UK \(www.gov.uk\)](#). The Council now needs to provide DHSC with a report by 24<sup>th</sup> May 2023. The report will set out: -
1. Confirmation that PCC has allocated its share of the Market Sustainability Funding in full to Adults Social Care;
  2. Confirmation that PCC has used its share of the £162 million Fair Cost of Care component of the fund to maintain fee uplifts originally made as part of the 2022 and 2023 Market Sustainability and Fair Cost of Care Fund;
  3. Confirmation of which of the 3 target areas PCC will aim to improve alongside planned spend on each, and;
  4. Reporting against all the metrics set out in the 'Activities and Metrics' section of the guidance.

## 3.2 Market Sustainability Funding Grant Conditions

3.2.1 Guidance received from DHSC has outlined the grant conditions applied to MSF. The conditions are as follows: -

### Condition 1

3.2.2 MSF is a ring-fenced grant and each Local Authority must allocate its full grant allocation on Adults Social Care. Local Authorities must also use continuation of Market Sustainability and Cost of Care funding in 2022/23 to maintain previously increased fee rates paid to providers as sustained fee rates, not non-recurring fee uplifts.

### Condition 2

3.2.3 The 'additional' new funding for 2023/24 must be used to make improvements in one of the three target areas (as defined in the grant determination): -

- 1. Increasing fee rates paid to Adult Social Care providers in local areas;**
- 2. Increasing Adult Social Care workforce capacity and retention;**
- 3. Reducing Adult Social Care waiting times.**

3.2.4 Local Authorities should decide how they choose to focus the funding on the target areas, in line with local pressures and priorities. Local Authorities must show improvements in only one area, but funding can be used across more than one area. Local Authorities should also ensure that no other target areas worsen. Finally, each target area is linked to specific metrics that DHSC will use to monitor Local Authority performance. However, despite only focusing on one target area, Local Authorities must report on all metrics. Details on the metrics can be found here: [Market Sustainability and Improvement Fund 2023 to 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/market-sustainability-and-improvement-fund-2023-to-2024)

3.2.5 **It is recommended that PCC should focus on increasing fee rates (target area 1), in line with its published Market Sustainability Plan.**

### Condition 3

3.2.6 Local Authorities must comply with the following reporting timelines: -

- Submission of an initial 2023 to 2024 report using the DHSC Annex A template by 24<sup>th</sup> May 2023.
- Submission of a final 2023 to 2024 report by 22<sup>nd</sup> May 2024.

### Condition 4

3.2.7 Finally, Local Authorities must submit a new 'Capacity Plan' annex to the Market Sustainability Plan by 30<sup>th</sup> June 2023 using the DHSC Annex A template.

### 3.3 **Proposal of allocation**

PCC's Market Sustainability Plan outlined the key market sustainability challenges for Peterborough as: -

- Recruitment and retention;
- Sufficiency within some markets (e.g., nursing and nursing dementia places)
- Fee rate in some parts of the market
- Unprecedented inflation levels
- Increase in demand for services and complexity of customers
- A lack of accommodation available to support some markets (e.g., Learning Disability).

In line with provider feedback, PCC considers the most immediate and direct way to support the market with challenges of recruitment and retention and inflationary costs is through increasing fee rates through a combination of council-funded inflationary uplifts and Market Sustainability Funding.

PCC proposes to allocate the Market Sustainability Funding in alignment with its published Market Sustainability Plan and towards target area 1, increasing fee rates paid to Adult Social Care providers in local areas. PCC's intention is to tackle the most acute sustainability issues in Peterborough to begin with, prioritising funding towards the most unsustainable fee rates in 2023/24.

PCC proposes to allocate the Market Sustainability Funding across the entire Adult Social Care market, rather than the limited markets contained in the Cost of Care exercise. This section highlights the market sectors we are proposing to allocation portions of the MSF funding to and our justification for their inclusion in the allocation.

Please note that the specific allocations will be finalised upon the conclusion of inflationary uplifts and included in the completed return to DHSC. Due to pressured timescales, it is proposed that the Director of Adults Social Care is given delegated approval to sign off on the finalised allocations.

#### **Sectors to receive Market Sustainability Funding**

##### **Care Homes (Residential 65+ and Nursing 65+) and Homecare**

These sectors were part of the original Cost of Care exercise. It is a requirement of the grant conditions to continue to provide the same level of funding to the 2022/23 recipients. This represents £536,000 of the overall £1.8m allocation.

##### **Extra Care (Housing and support for older people)**

Allocation of MSF is intended to help services move towards being more sustainable considering the key issues affecting this market such as recruitment and retention of care workers and fee rates.

##### **Self-Directed Support**

MSF will ensure all Personal Assistants procured via direct payments are paid the Real Living Wage of £14.39. This will make Personal Assistants pay rates more competitive, encourage retention and enable people with direct payments to have more choice and control.

### **Early, Intervention and Prevention and Voluntary Sector Organisations**

A small allocation of MSF will help towards managing the pressures in this sector. Given the vital role home and community-based support will play in meeting future demand.

### **Learning Disability – Supported Living**

These packages are currently commissioned in the same way as homecare; however, rates are generally lower. MSF will go some way to equalising rates to support greater market stability and sustainability.

### **Learning Disability – Day Opportunities**

Allocation of MSF will help towards managing the pressures in this sector, but as early, intervention and prevention, tangible impacts will only be seen with additional inflationary uplifts.

### **Mental Health – Supported Living**

MSF will help in starting to equalise our framework rates with other similar market sectors.

### **Internal Administrative costs**

A maximum of £10,000 can be retained to support the additional administrative burdens associated with delivering against the Market Sustainability Plan and the allocation of MSF.

The Market Sustainability Plan and funding is a first step in the journey towards a more sustainable local market. However, it is not possible to address all market sustainability issues with the level of funding made available from Government, even with additional inflation funding by the Council.

## **4. CORPORATE PRIORITIES**

### **4.1 The Economy and Inclusive growth**

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 did not form part of the allocation of Market Sustainability Funding. However, this can be explored and integrated during the implementation stage of the process.

There will be impacts to the economy and growth within the market linked to the implementation of the Market Sustainability Plan. Impacts and Implications will be set out in the completed Annex A document once allocations have been confirmed.

### **4.2 Our Places and Communities**

Whilst the Market Sustainability Funding does not link directly 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 will not bridge the funding gap in totality, it may improve the personal outcomes of those receiving care, as well as improving health and wellbeing outcomes for those delivering care.

#### 4.3 **Prevention, Independence, and Resilience**

The Market Sustainability Funding allocation 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.

#### 4.4 **Sustainable Future City Council**

The allocation of Market Sustainability Funding works towards creating a more sustainable care market for Peterborough and therefore links with PCC's sustainable future priority.

### 5. **CONSULTATION**

5.1 Commissioners have carried out the following activities: -

- 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 *Suggest here other consultation(s) which could be undertaken.*

In addition, the following activities have been carried out to develop a Market Sustainability Plan: -

- Creation of a Cost of Care 'Task Group' comprising of Senior Commissioning Managers, Senior Contract Managers and PCC finance colleagues.

At the time of writing, the recommendation is being considered by Budget CLT (Corporate Leadership Team).

### 6. **ANTICIPATED OUTCOMES OR IMPACT**

6.1 The outcomes and impacts will not be fully known until competition of the Annex A report. However, the Council's plan for market sustainability is centred around: -

- Tackling the most acute sustainability issues in Peterborough to being with, prioritising funding towards the most unsustainable fee rates in 2023/2024.
- Permanent increases to 'floor' fee rates in the sectors and fee rates deemed most unsustainable.
- Development of a care workforce strategy

- Strategic market shaping to ensure future demand can be met in a sustainable way.
- Exploration of investment in the market to create conditions for growth and innovation.

## 7. REASON FOR THE RECOMMENDATION

- 7.1 This has been recommended because PCC are required to submit its Annex A Report to the DHSC by the 24<sup>th</sup> May 2023.

## 8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 The following options were considered and rejected: -

**Option 1 – To do nothing.** This option is rejected as PCC is required to submit its Annex A report as directed by DHSC. Failure to do so is a breach of grant conditions and 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.

**Option 2 – Postpone governance until the completion of complex financial modelling and allocation.** Whilst the deadline for submission for the Annex is the 24<sup>th</sup> May, elections in Peterborough have meant that the governance process has been brought forward. Officers are not able to wait until financial modelling has been completed to approve the Annex via CMND due to elections and their impact on democratic services and processes. As with Option 1, failure to submit our Annex A report would result in a lack of funding for the care market and disadvantage PCC in its market shaping duty under Section 5 of the Care Act 2014.

**Recommendation – Delegate approval of the Annex A Report to the Director of Adult Social Care Services.** Due to the complex financial modelling that needs to be completed and the compressed governance timescales in light of elections, it is recommended that the Member grants delegated approval of the Annex A Report to the Direction of Adult Social Care Services. This will ensure compliance with Constitution and allow Officers to meet the DHSC deadline and earliest possible allocation of funds to the market.

## 9. IMPLICATIONS

### Financial Implications

- 9.1 The financial implications are currently being established as officers work with finance colleagues to establish the allocation of the Market Sustainability Funding. Permission is sought to delegate approval of the Annex A Report which will outline the financial implications arising from the allocation of funding.

### 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 (Equality Impact Assessment) at Appendix B.

## **Carbon Implications**

- 9.4 There are no Carbon Implications, as set out in the attached Carbon Impact Assessment at Appendix C.

## **Procurement Implications**

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 *N/A*

## **11. BACKGROUND DOCUMENTS**

- 11.1 The following documents were used to prepare this report: -

- 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+
- PCC Market Sustainability Plan
- Appendix A Template <https://www.gov.uk/government/publications/market-sustainability-and-improvement-fund-2023-to-2024>
- Social Care Explanatory Note (06/02/2023) <https://www.gov.uk/government/publications/market-sustainability-and-improvement-fund-2023-to-2024>
- Guidance on grant conditions, activities and metrics, reporting, monitoring and grant determination, allocation, and conditions <https://www.gov.uk/government/publications/market-sustainability-and-improvement-fund-2023-to-2024><https://www.gov.uk/government/publications/market-sustainability-and-improvement-fund-2023-to-2024>

## **12. APPENDICES**

- 12.1 The following appendices are attached:

- Annex A Template – Appendix A
- EQIA – Appendix B
- Carbon Impact Assessment – Appendix C