

**Cabinet Member for Adult Services**

**17 March 2023**

**Health and Social Care Scrutiny Board 5**

**22 March 2023**

**Name of Cabinet Member:**

Cabinet Member for Adult Services - Councillor M Mutton

**Director Approving Submission of the report:**

Director of Adult Services and Housing

**Wards Affected:**

All

**Title: Market Sustainability Plan**

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**Is this a key decision?**

No - Although the proposals affect more than two electoral wards, the impact is not expected to be significant.

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**Executive summary:**

A key component of Central Government's Adult Social Care reform agenda, introduced in the White Paper "People at the Heart of Care", is sustainability of the care market. Part of the requirement of Government was for Councils with responsibility for adult social care to undertake a Fair Cost of Care (FCoC) exercise to establish the median cost of care for two distinct elements of the care market namely care homes for people aged 65 and over and home support for those aged 18 or over and to move towards payment of median fee rates. A further mandate was for the delivery of a provisional Market Sustainability Plan (MSP).

The production of the MSP was required to ensure that the Council received Central Government financial support in relation to Fair Cost of Care in 2022/2023 and is a condition of receiving the Sustainability and Improvement Fund in 2023/2024.

The Department of Health and Social Care (DHSC) required submission of a provisional MSP in October 2022 and the Council submitted this to DHSC by the prescribed deadline following approval at Cabinet on 11<sup>th</sup> October 2022.

Whilst many of the Adult Social Care reforms have been delayed until 2025 as part of the Autumn Statement 2022, there is still a requirement for publication of a “final” MSP by 27<sup>th</sup> March 2023 including the following three sections.

Section 1: requires assessment of the 65+ care home market and the 18+ home support market which should draw on a range of information to give a comprehensive and representative picture of the current situation.

Section 2: is an assessment of the expected market changes over the next 3 years.

Section 3: plans for each submarket to address the sustainability issues identified including how funds will be used to move towards a fair cost of care over the next three years; any further actions the local authority plans to take to support market sustainability; how the plan complements other strategic documents such as the Market Position Statement and how the authority has engaged providers in the development of these plans.

The MSP contains both financial and non-financial aspects and has been shaped through targeted provider engagement initially informed via the use of a provider survey to understand the key concerns of our contracted provision. The feedback from this survey has informed our support offer as outlined below. Such support will be undertaken alongside our standard quality work and provider engagement.

The key features of the MSP are both financial and non-financial support through measures including skills development, use of technology and recruitment support.

On 6<sup>th</sup> February 2023 Central Government announced a further requirement that Market Sustainability plans would need to be refreshed for Winter 2023. Further guidance is to follow in due course.

### **Recommendations:**

The Cabinet Member for Adult Services is recommended to: -

- 1) Approve Coventry’s Market Sustainability Plan, as appended to the report, and:
- 2) Noting that the Plan will be considered by the Health and Social Care Scrutiny Board (5), on 22 March 2023, delegate authority to the Director of Adults Services and Housing to consider and take on board any comments received by the Scrutiny Board, following consultation with the Cabinet Member, prior to the publication of the Plan and use with the adult social care market

The Health and Social Care Scrutiny Board (5) are requested to consider this report and provide comments prior to publication of the Market Sustainability Plan.

### **List of Appendices included:**

Appendix 1. Market Sustainability Plan  
Appendix 2. Equality Impact Assessment

### **Background papers:**

Cabinet Meeting Tuesday 11<sup>th</sup> October 2022; Social Care Reforms Fair Cost of Care

### **Other useful documents**

None

**Has it or will it be considered by scrutiny?**

Yes, Health and Care Scrutiny Board (5) 22<sup>nd</sup> March 2023

**Has it or will it be considered by any other council committee, advisory panel, or other body?**

No

**Will this report go to Council?**

No

## Report title: Market Sustainability Plan

### 1. Context (or background)

- 1.1 A key component of Central Government's Adult Social Care reform agenda, introduced in the White Paper "People at the Heart of Care", is sustainability of the care market. Part of the requirement of Government was for Councils with responsibility for adult social care to undertake a Fair Cost of Care exercise to establish the median cost of care for two distinct elements of the care market, namely, care homes for people aged 65 and over and home support for those aged 18 or over and to move towards payment of median fee rates. A further mandate was for the delivery of a provisional Market Sustainability Plan (MSP).
- 1.2 The production of the MSP is required to ensure that the Council continues to receive Central Government financial support in relation to Adult Social Care Sustainability and Improvement Fund.
- 1.3 Underpinning the MSP is a broad definition of market sustainability as set out in the Care Act 2014, which places a duty on local authorities to assure themselves, and have evidence, that fee levels are appropriate to provide the agreed quality of care, and enable providers to effectively support people who draw on care and invest in staff development, innovation, and improvement.
- 1.4 The purpose of the MSP is for local authorities to assess and demonstrate how they will ensure local care markets are sustainable, as they move towards implementing reform.
- 1.5 The plan assesses the impact current fee rates are having on the market and the potential future risks. This assessment enables local authorities to inform the development of mitigating actions, including how much they will need to increase fee rates over the current three-year Spending Review period and what non-financial support authorities can give to underpin a sustainable local care market.
- 1.6 Local authorities are required to demonstrate in their MSPs how its content complements other strategic documents, such as, the Market Position Statements and demonstrate how they have worked with local providers to develop the plan.
- 1.7 Completion of the provisional MSP was a condition of receiving future funding from the fund and the plan was required to be submitted in 2 parts:
- 1.8 Part One: A "provisional" MSP was required to be submitted by 14 October 2022, which was approved by Cabinet on 11<sup>th</sup> October 2022 and submitted accordingly. This had to outline a local authority's assessment of the sustainability of their local care market in relation to 65+ care home services and for 18+ domiciliary care services, which:
  - considers the results from the cost of care exercises
  - considers the impact of future market changes over the next three years, particularly in the context of adult social care reform
  - sets out an outline action plan for addressing the issues identified and the priorities for market sustainability investment
- 1.9 Part Two: A "final" MSP is required to be submitted by 27<sup>th</sup> March 2023. The key addition at this stage is the inclusion of a commitment for how the local authority will move towards the

cost of care calculated in their exercise as part of their 2023 to 2024 budget setting process. Commercially sensitive information may be redacted in the published version.

- 1.10 The MSP is required to be published on the local authority GOV.UK webpage, in a way that is clearly labelled, searchable and in an easy to find location.
- 1.11 As prescribed by the Department of Health and Social Care, the MSP has 3 sections:
- 1.12 Section 1: requires assessment of the 65+ care home market and the 18+ home support market which should draw on a range of information to give a comprehensive and representative picture of the current situation.
- 1.13 Section 2: is an assessment of the expected market changes over the next 3 years.
- 1.14 Section 3: Plans for each submarket to address the sustainability issues identified including how funds will be used to move towards a fair cost of care over the next three years; any further actions the local authority plans to take to support market sustainability; how the plan complements other strategic documents such as the Market Position Statement and how the authority has engaged providers in the development of these plans.
- 1.15 On 6<sup>th</sup> February 2023 Central Government announced a further requirement that Market Sustainability plans would need to be refreshed for Winter 2023. Further guidance is to follow in due course.
- 1.16 The Council Produced a provisional MSP submitted to DHSC by the prescribed October 2022 deadline. The plan outlined use of a 3% uplift to those care homes for older people at or below the median Cost of Care calculation and a 3% increase for all commissioned long term home support provision acknowledging that this left a significant gap between the calculated median “Fair Cost of Care” and what the Council could afford to pay.
- 1.17 DHSC had initially indicated that they would review and feedback on all Provisional MSPs. This was later modified so that only local authorities where DHSC had some concerns about their submissions were to be contacted by 31<sup>st</sup> January 2023. No such contact has been made to Coventry City Council.

#### **1.18 The Coventry Market Sustainability Plan**

- 1.19 Provider engagement has been a key part of the development of the final MSP, this was initially informed via the use of a provider survey to understand the key concerns of our contracted provision and supplemented by a series of specific provider engagement sessions. In January 2023 the Council embarked on a specific engagement exercise with providers based on the provisional Market Sustainability Plan.
- 1.20 The feedback from this work has informed our support offer to improve sustainability which includes:
  - ✓ Quality assurance and improvement through working in conjunction with ICB nurses to improve the quality of care provision
  - ✓ Provider engagement and improved communication through in person provider forums; provider bulletin noting the latest developments in social care within the City or affecting provision, best practice, and useful information.

- ✓ Provision of development opportunities through free training on upcoming social reforms e.g. Liberty Protection Safeguards.
  - ✓ Improving the use of technology through the roll out of digital healthcare in care homes.
  - ✓ Improving local connections through facilitating links to community activities and support offers.
  - ✓ Support with recruitment through facilitating monthly recruitment fairs, some of which have supported providers to specifically target recruitment towards migrant and refugee workers to diversify the workforce. A recruitment video is also available for providers to use free of charge to supplement their own recruitment campaigns and encourage values-based recruitment. Providers are signposted to other areas of recruitment support such as overseas recruitment and encouraging younger people to join the social care workforce.
  - ✓ Cost of Living support through sharing DHSC survey on utility costs with accommodation-based providers and communication around cost of living support available for providers to cascade to their staff.
  - ✓ Improving leadership through promotion of the Skills for Care registered managers and nominated individual networks and resources.
- 1.21 There is also a significant financial aspect to sustainability. Section 5.1 of this report details the additional financial support that has been available in 2022/2023 and that which is to be paid in 2023/2024.
- 1.22 In compliance with Department of Health and Social Care requirements the FCoC of care report highlighting details of median, upper and lower quartile costs of care for the 2 submarkets was published prior to the prescribed deadline of 1<sup>st</sup> February 2023.
- 1.23 An Evolving Market**
- 1.24 In any efficient market it is expected that there will be a number of entrants and exits as the market evolves.
- 1.25 The past 2 years has seen 5 closures of homes supporting older people with a loss of 100 beds. All of these homes have been small independent ones. Issues that have precipitated closures have included owner retirement and inability to achieve/sustain necessary quality standards. As there are sufficient vacancies in the local market, reprovion has been readily achievable and moves well planned using the Council's market failure process.
- 1.26 In the last 12 months 1 home support provider served notice requiring the recommissioning of support.
- 1.27 Winter pressures have brought additional strain on the home support market. Two contracted providers had indicated a requirement to hand back short-term home support contracts but have been sustained by a temporary reduction in hours to enable them to consolidate their operations.
- 1.28 Increased capacity has mainly been in relation to a number of supported living schemes being opened catering for adults with leaning disability/autism and mental ill health although

one older people home has recently expanded their capacity adding 10 beds to the local care system and a further care home is planning an additional 15 places.

- 1.29 Additional home support capacity has been brought on stream with provision put in place during the initial phase of Covid -19 being sustained and an additional 300 hours added to this from a separate provider funded through Adult Social Care Hospital Discharge Grant to cover the period from December 2022 to 31st March 2023 (see below) Home support has also been boosted by the commissioning of two contingency providers who are able to take packages where primary providers are unable to support individuals in a timely fashion.

### **1.30 Quality**

- 1.31 Local authorities have responsibilities under the Care Act (2014) to ensure the availability of good quality adult social care provision and the City Council strives to ensure this through a number of proactive and reactive initiatives. Our revised approach to quality assurance which is based on a risk-based system was signed off by Cabinet Member at their meeting of 13<sup>th</sup> July 2022. This approach is seeing proportionate oversight of contracted adult social care provision. The approach includes a more robust process for overseeing quality of provision that is Out of City.

### **1.32 Winter Pressures**

- 1.33 On 22<sup>nd</sup> September 2022 the Government announced that £500m would be made available nationally for an Adult Social Care Hospital Discharge Fund. Allocations were published on 18<sup>th</sup> November 2022 with Coventry City Council receiving just under £1.3m and the Coventry and Warwickshire Integrated Care Board £6.7m, the latter being to cover both Coventry and Warwickshire. Grant conditions were published in December 2022. The Council, and its ICB partners have deployed resources on a number of initiatives which in turn have supported the care market by, for example reducing voids, underwriting additional staffing costs, supporting retention in short term home support through retention payments and commissioning extra short-term beds and home support.

## **2. Options Considered and Recommended Proposal**

### **2.1 Recommended Option – Approve the Market Sustainability Plan for publication**

- 2.1.1 Compliance with Fair Cost of Care process is a prerequisite of receiving future years funding and publication of an MSP is part of that requirement. As such there are no other options than to comply with Central Government requirements at this point in time due to negative impact this would have on future funding to support social care.

### **2.2 Other Options**

- 2.2.1 There is no other option that would meet Government requirements in relation to Adult Social Care Reform

## **3. Results of consultation undertaken**

- 3.1 To inform the Provisional MSP, the Council undertook engagement including 2 specific sessions for the “Fair Cost of Care” Exercise and the Market Sustainability Planning process. There were also specific provider forums held which included presentations on the process

and intended outcomes. Providers were sent a questionnaire which sought feedback on the types of support that they would find most useful.

- 3.2 Results of this engagement illustrated that providers would appreciate the following: additional support with staff retention and recruitment including the use of Council and Skills for care recruitment and retention specialist expertise, 'mock' CQC inspections; access to accreditation programmes (for example, Say No To Infection, React to Red pressure ulcer prevention); workshops on meeting statutory requirements and improving CQC ratings; multi-disciplinary best practice events giving providers access to knowledge from occupational therapists, physiotherapists and other supporting professionals.
- 3.3 During January 2023 additional engagement opportunities were provided for providers. These comprised sessions on outcomes of the Cost of Care exercise for older people and home support providers and fee rates increases for the whole market of commissioned providers.
- 3.4 The outcomes of all of the above engagement have been used to inform the final MSP (see Appendix 1)
- 3.5 In February 2023 further engagement with providers around the Final MSP was undertaken, and feedback indicated that the types of support already available and proposed were welcomed.

#### **4. Timetable for implementing this decision**

- 4.1 Should the Market Sustainability Plan be endorsed we would commence delivery of support actions within the Plan with immediate effect and would publish the document by 27<sup>th</sup> March 2023 in line with DHSC requirements.

#### **5. Comments from Interim Chief Executive (Section 151 Officer) and Chief Legal Officer**

##### **5.1 Financial Implications**

- 5.1.1 As reported to Cabinet in October 2022, the Council have deployed its share of £162m made available nationally linked to the "Fair Cost of Care" exercise. Coventry's share of £1.047m has been used to implement a 3% uplift in fees for older people care homes and home support providers who were being paid under the median weekly or hourly values as computed through the exercise.
- 5.1.2 In November 2022, as part of the Autumn Statement, Central Government announced an additional £400m of new ring-fenced funding for adult social care. This is in addition to the ongoing funding of the £162m Fair Cost of Care resources from 2022/23. The new grant is called The Adult Social Care Sustainability and Improvement fund. Coventry City Council's allocation stands at £3.6m for 2023/24.
- 5.1.3 Following the autumn statement 2022 Fair Cost of Care ceased being a stand alone funding stream and was incorporated into the Adult Social Care Sustainability and Improvement Fund which can be used to address discharge delays, social care waiting times, fee rates and workforce pressures and to promote technological innovation in the sector and this removed the specific requirement to use the resource to fund a move towards FCOC. However, recognising the importance of funding in market sustainability we have used the resource available to increase fee rates.



- 5.1.4 Using this funding, an additional sustainability payment of 2.2% will be added to all contracted providers fees for 2023/24.
- 5.1.5 The cost of care uplift and sustainability payment are in addition to the payments made to the whole adult social care market in 2022/23 (5.5%) and 2023/24 (9.0%) which represent increases to National Living Wage and Inflation.
- 5.2 Legal Implications
- 5.2.1 The City Council has a number of duties in respect of the social care market under the Care Act (2014) including to facilitate and shape the care market to ensure a sustainable and diverse range of care and support, continuous improvement in quality and choice and the delivery of cost-effective outcomes.
- 5.2.2 The Government Proposals on social care reform set out in “People at the Heart of Care” introduced a requirement on local authorities to produce a provisional Market Sustainability Plan by October 2022 with a final version by February 2023. This deadline was subsequently revised to 27<sup>th</sup> March 2023.
- 5.2.3 The Market Sustainability Plan is also informed by the Government White Paper on Health and Social Care Integration “Joining up Care for People Places and Populations”.
- 5.2.4 The Council has a legal obligation under section 149 of the Equality Act 2010 to have due regard to the need to eliminate discrimination, advance equality, and foster good relations between those with a protected characteristic and those who do not share it. These matters have formed an integral part of the decision-making processes in relation to the continuation of the Dementia strategy. The Council continues to engage with service users and representative groups, and use the information and views gathered in its consultation and equality impact in order to achieve accessible and inclusive service provision

## 6. Other implications

### How will this contribute to the Council Plan ([www.coventry.gov.uk/councilplan/](http://www.coventry.gov.uk/councilplan/))

The Market Sustainability Plan will contribute to the Council's objectives in a number of ways i.e.

- Improving the quality of people's lives in Coventry and focussing on improving health and wellbeing and supporting people to live independent lives.
- Helping people to maintain their independence and supporting them when they need help.
- Enabling people to exercise choice and control in their daily lives.
- Helping support people facing multiple and complex needs.
- Putting local people and their needs at the heart of the customer journey.

### 6.1 How is risk being managed?

- 6.1.1 Although Market Sustainability is not solely based on provider income this inevitably plays a large part. There is a significant risk that Government funding will not enable sufficient bridging of the gap between FCOC calculations and what the Council can afford to pay in fee rates.

- 6.1.2 There remains a risk to the Council of increased fee rate demands from providers, however, the 2.2% Cost of Care increase in addition to 9% for National Living Wage and general inflation results in an 11.2% increase for all commissioned provision for 2023/24.
- 6.1.3 There is a risk that there will be further closures of accommodation-based provision and/or further contract hand backs. The Council is well sighted on this risk through its Market Position Statement and quality assurance work and has tried and tested processes for managing provider failure.
- 6.1.4 Identification and mitigation of risks will for part of the implementation of the MSP. Key financial risks are captured in the Adult Social Care risk register. Any future risks identified will be managed through the City Council and ICB governance mechanisms.

## **6.2 What is the impact on the organisation?**

None

## **6.3 Equalities / EIA?**

The EIA is attached as Appendix 2 to this report and indicates individuals both in receipt of and delivering support will benefit positively from the proposals as outlined in the Market Position Statement, namely:

- Increased job security for staff of contracted providers due to improved financial sustainability of schemes, including a competitive rate of pay.
- Improved outcomes and continuity of care for individuals in receipt of support as a result of increased staff retention.
- A reduction in the prevalence of digital inequalities in accessing employment opportunities through the facilitation of in person recruitment events and support.
- Diversification of the workforce through targeted recruitment support to increase uptake of care roles in under-represented groups. A more diverse workforce will in turn be better placed to meet the varying cultural needs of the individuals being supported.

## **6.4 Implications for (or impact on) climate change and the environment?**

None.

## **6.5 Implications for partner organisations?**

- 6.5.1 The Action Plan supports the Health and Care system vision that we will do everything in our power to enable people across Coventry and Warwickshire to pursue happy, healthy lives and put people at the heart of everything we do.' Partner organisations involved in the development of the Plan will contribute to the delivery of the priorities outlined.
- 6.5.2 For the Integrated Care Board (ICB) who have received no specific funding for FCOC there is a clear risk around matching local authority fee increase. This issue is discussed regularly with ICB colleagues.

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