

Report to:	Cabinet	Date: 15 March 2023
Subject:	Market Sustainability Plan 2023/24	
Report of	Cabinet Member for Adult Care, Health, and Wellbeing	

Summary

1. In December 2021 the government announced its white paper; [People at the Heart of Care](#), which outlined an ambitious reform of social care. As part of this, and wider charging reform, the government launched the policy paper; [Market Sustainability and Fair Cost of Care](#).

As part of the policy paper, Local Authorities were to be given access to a Fair Cost of Care Fund to support the implementation of charging reforms. The funding would help support Local Authorities to ensure compliance with Section 5 of the Care Act 2014 which outlines a local authority’s duty to “promote the efficient and effective operation of the care and support market”.

As a condition of receiving the grant funding Bury Council was to carry out a Fair Cost of Care Exercise with Care at Home providers and Older People Care Homes. It was then to produce a number of annexes including:

- A Market Sustainability Plan (MSP), setting out our local strategy for the next 3 years and demonstrating how we intend to achieve a fair cost of care.

A draft MSP was required for submission in November 2022, which was completed, with a final version this time with increased engagement with the provider market, due for submission on 31st March 2023.

These reforms were delayed as part of the Government’s Autumn Statement and the Fair Cost of Care Fund was rolled into the Adult Social Care Market and Sustainability Improvement Fund. The requirement to achieve the fair cost of care has also been moved to “work towards” the fair cost of care. Despite these changes, the local authority must still submit a final Market Sustainability Plan by 31st March 2023.

This report shares the Market Sustainability Plan that has been developed alongside Care at Home Providers and Older People Care Homes and looks for approval to submit to the Department of Health and Social Care.

Recommendation(s)

2. To review the content of the Market Sustainability Plan (Appendix A) and approve for submission to the Department of Health and Social Care.

Reasons for recommendation(s)

3. The Council was required to conduct a Fair Cost of Care Exercise which it has completed. It is now required to submit a final Market Sustainability Plan.

Alternative options considered and rejected

5. Alternatives were not considered as we are required to submit the MSP.

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Background

1. Introduction

- 1.1 In December 2021 the government announced its white paper; [People at the Heart of Care](#), which outlines an ambitious reform of social care. As part of this, and wider charging reform, the government launched the policy paper; [Market Sustainability and Fair Cost of Care](#).
- 1.2 As part of the policy paper, Local Authorities were to be given access to a Fair Cost of Care Fund to support the implementation of charging reforms. The funding would help support Local Authorities to ensure compliance with Section 5 of the Care Act 2014 which outlines a local authority's duty to "promote the efficient and effective operation of the care and support market".
- 1.3 As a condition of receiving the grant funding Bury Council was to carry out a Fair Cost of Care Exercise with Care at Home providers and Older People Care Homes. It was then to produce a number of annexes including:
 - 1.3.1 A Cost of Care Exercise delivered by surveying residential and nursing care home providers and care at home providers to determine a sustainable fee rate
 - 1.3.2 A Cost of Care Report setting out how the Council arrived at the cost of care estimates presented in the Cost of Care Exercise.
 - 1.3.3 A provisional Market Sustainability Plan (MSP), setting out our local strategy for the next 3 years and demonstrating how we intended to move towards a sustainable fee rate
- 1.4 The Cost of Care Exercises, Cost of Care Report and a provisional version of Annex C were submitted on 16th November 2022 following sign off by Executive Director required to be submitted by 16th November 2022.
- 1.5 These reforms were delayed as part of the Government's Autumn Statement and the Fair Cost of Care Fund was rolled into the Adult Social Care Market and Sustainability Improvement Fund. The requirement to achieve the fair cost of care has also been moved to "work towards"

the fair cost of care. Despite these changes, the local authority must still submit a final Market Sustainability Plan by 31st March 2023.

2. **Bury Council's Fair Cost of Care Exercise**

- 2.1 Bury Council launched its Fair Cost of Care Exercise on 27th May 2022 with Care Home providers completing their submissions via an online Fair Cost of Care tool. Care at Home providers completed their submissions via a Domiciliary cost of care calculator tool /spreadsheet developed by [ARCC HR Business Solutions \(arcc-hr.co.uk\)](http://arcc-hr.co.uk)
- 2.2 The deadline for providers to submit their completed toolkit was 1st August 2022. Support and encouragement were given to providers via:
- Regular guidance sent out via Community Commissioning Team
 - Care Home Provider Forums
 - Weekly bulletin
 - Drop-in support sessions for providers
 - One to one support sessions offered.
 - Discussion included in site visits by members of the Community Commissioning Team
 - Direct contact to specific providers from the Strategic Lead encouraging uptake.
- 2.3 Out of 28 in scope care homes, 10 (39%) providers submitted returns. Those 10 providers who did submit equated to 38% of beds commissioned by Bury Council. Out of 25 in scope Domiciliary Care providers, just 4 (16%) providers submitted returns. Those providers who did submit equated to 34% of Domiciliary care hours commissioned by Bury Council.
- 2.4 The response rate is disappointing given the level of promotion, guidance and support offered by the local authority but in discussion with neighbouring authorities this return rate does not appear to be an outlier.

3. **Fair Cost of Care Calculations**

- 3.1 All provider returns were reviewed in detail on a line-by-line basis and where further clarification, or detail was required the provider was contacted.
- 3.2 The four Fair Cost of Care estimates for Care Homes are summarised in Table 1 below.

Table 1

Median £ Per Resident Per Week			
65+ care home places without nursing	65+ care home places without nursing, enhanced needs	65+ care home places with nursing ¹	65+ care home places with nursing, enhanced needs ²
£775.48	£791.80	£1,028.71	£1,099.17

1 The Care home with Nursing Fair Cost of Care Estimates **have not** been adjusted to exclude the Funded Nursing Care (£209.19)

2 The Care home with Nursing Fair Cost of Care Estimates **have not** been adjusted to exclude the Funded Nursing Care (£209.19)

3.3 The information submitted by providers via the Domiciliary cost of care calculator tool /spreadsheet was the source data for deriving the figures in Table 2.

3.4 **Table 2**

Cost Type	Domicillary Care
Total Careworker Costs	£16.49
Direct care	£10.18
Travel time	£1.98
Mileage	£0.57
All Other Careworker staffing cost lines	£3.76
Total Business Costs	£5.18
Back office staff	£3.66
IT (hardware, software CRM, ECM)	£0.18
Central/head office recharges	£0.13
All Other Business Costs lines	£1.22
Sub-Total Excluding Return on Operations	£21.66
Return on Operations	£1.07
Total Benchmark Rate	£22.73

4 Market Sustainability Plan

4.1 Following completion of the Cost of Care Exercise and submission of the cost of care reports and draft MSP, work began to engage providers on the final version.

4.2 Engagement with Older People Care Home Providers and Care at Home providers on the final MSP took place via:

- Group Engagement meeting
- Sharing of draft with providers for written feedback
- One to one engagement meeting

4.3 The final version of the MSP presented for sign off by Cabinet is Appendix A.

Appendices

Appendix A

5. See attached

Links with the Corporate Priorities:

Please summarise how this links to the Let's Do It Strategy.

6. The MSP has been developed alongside Local Providers and the recommendations within will allow them to be enterprising, ensuring their sustainability of development of their service to meet the needs of the people of Bury now and in the future.

Equality Impact and Considerations:

7. Available on request.

Environmental Impact and Considerations:

8. An environmental impact assessment has not been undertaken for the scheme, as there are no implications or carbon impact of this decision.

Assessment and Mitigation of Risk:

Risk / opportunity	Mitigation
MSP is not enacted following approval resulting in failure of providers.	Elements of the MSP are already being enacted and form part of overarching workplan of the Community Commissioning Team.

Legal Implications:

9. Section 5 of the Care Act 2014 places a duty on local authorities to promote the efficient and effective operation of a market in services for meeting care and support needs, with a view to ensuring services are diverse, sustainable, and high quality for the local population, including those who pay for their own care. The Council has complied with the guidance set out in Section 4.31 of the Care and Support Statutory Guidance for Local Authorities.
10. The Council is required to have due regard in ensuring the sustainability of the market, in addition to facilitating the development of their Local Adult care market so that it meets the care and support needs of people in their area. A sustainable market allows for the sufficient supply of services, investment, innovation and choice for people to choose care and a sufficient workforce supply.
11. The Care Act 2014 also places a duty on local authorities to assure themselves that fee levels are appropriate to provide the agreed quality of care and enable providers to effectively support people who have care needs as well as the ability to invest in staff development, innovation and improvement. In meeting these requirements, the Council has considered a detailed report and undertaken a comprehensive consultation process as set out at paragraphs, 2 and 3 of this report, and paragraphs 13 and 14 of the Adult social Care provider fees Cabinet report. The outcomes to the consultation were fully evaluated and form the basis of the proposed submission.

Financial Implications:

12. It is important to highlight that the results of the fair cost of care exercise set out in Table 1 of this report are estimates based on a data set with a number of limitations which are set out below.

- **Low Provider Response Rate** - The low provider response rate increases the risk on the reliability of the data with regards to potentially skewed costing results and invalid inferences, therefore raising the question of the validity of the Cost of Care estimates
- **Provider Representation**- The low provider response rate has by definition not allowed for a representative response from the local care provider market and therefore until a broader provider response is obtained the Cost of Care estimate for the local care provider market cannot be considered representative of the actual average.
- **Affordability** -The total cost impact of the fair cost of care exercise will lead to increased Care fees and consequently without an equivalent increase in financial support for Councils' this will lead to a significant funding gap between current rates and the fair cost of care rates and therefore add pressure to already strained financial resources.
- **Impact of extraordinary costs in 2021/22 during the COVID pandemic** - There is a risk that providers have been unable to distinguish between 'one off/extraordinary' Covid related activity and 'business as usual' activity in their provider submissions and therefore data used to derive Fair Cost of Care estimates may be overstated.
- **Regional Variation**- During the undertaking of the fair cost of care exercise, localities across Greater Manchester and the North-West have engaged in collaborative discussion to inform our approaches to the treatment of cost items and interpretation of fair cost of care guidance. This work has highlighted a variation in costs above what would be expected or that can be explained through local differences. This adds to concerns regarding the overall quality and representativeness of the cost information received through the exercise.

10.0 In light of the above limitations Bury Councils move towards a fair cost of care will be a phased approach and the phasing will be aligned to the funding received from central government, namely the Adult Social Care Market and Sustainability Improvement Fund

Background papers:

N/A

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning