

# North Tyneside Council

## Report to Cabinet

### Date: 19 September 2022

#### Title: Adult Social Care – Fair Cost of Care Update

<b>Portfolio(s):</b> Adult Social Care	<b>Cabinet Member(s):</b> Cllr A McMullen
<b>Report from Service Area:</b> Adult Social Care	
<b>Responsible Officer:</b> Jacqui Old, Director of Children and Adults Services	<b>Tel: (0191) 6434063</b>
<b>Wards affected:</b> All	

#### PART 1

##### 1.1 Executive Summary:

This report updates Cabinet on progress in relation to a nationally mandated fair cost of care exercise and seeks authorisation for the Director of Children and Adults Services in consultation with the Director of Commissioning and Asset Management, Director of Resources, the Cabinet Member for Adult Social Care and the Cabinet Member for Resources to approve the submission of the required returns outlining the results of this exercise intended to establish fair fee rates for care home fees for residents aged 65 years and over and for homecare fees for adults 18 years and over.

##### 1.2 Recommendation(s):

It is recommended that Cabinet authorise the Director of Children and Adults Services in consultation with the Director of Commissioning and Asset Management, Director of Resources, the Cabinet Member for Finance and Resources and the Cabinet Member for Adult Social Care to approve the submission of a fair cost of care report, a provisional Market Sustainability Plan and a spend report outlining the use of the Market Sustainability and Fair Cost of Care Grant to the Department of Health and Social Care.

##### 1.3 Forward Plan:

Twenty-eight days' notice of this report have been given and this item first appeared in the Forward Plan that was published on 18 August 2022.

##### 1.4 Council Plan and Policy Framework

This item relates specifically to the following theme and priorities of the Our North Tyneside Plan 2021-2025:

A caring North Tyneside

- We will provide great care to all who need it, with extra support available all the way through to the end of the pandemic.

- We will work with the care provision sector to improve the working conditions of care workers.
- People will be cared for, protected and supported if they become vulnerable, including if they become homeless

## **1.5 Information:**

### **1.5.1 Background**

The Government announced its planned implementation of the Market Sustainability and Fair Cost of Care Fund on 16 December 2021. It was part of a range of reforms outlined within the social care white paper, 'People at the Heart of Care'. The total funding outlined was as follows;

2022/23	£162m
2023/24	£600m
2024/25	£600m

To date only the allocation of the 2022/23 amounts has been announced with North Tyneside receiving £0.696m.

The purpose of the fund is to support local authorities to prepare their care markets for reform including allowing self-funders to access local authority rates for residential and nursing care (pursuant to section 18(3) of the Care Act 2014 which has been announced as coming into force in October 2023) and to support local authorities to move towards paying providers a fair cost of care. Up to 25% of allocated funding in 2022 to 2023 can be used to fund implementation activities associated with meeting the fund purpose.

### **1.5.2 Grant Conditions and Requirements**

As part of the condition of receiving grant funding in 2022/23 and future years, local authorities must evidence the work they are doing by submitting to the Department of Health and Social Care by 14 October 2022 the following;

1. The results of a cost of care exercise for 65+ care homes and 18+ homecare
2. A provisional Market Sustainability Plan (a final plan must be submitted by February 2023)
3. A spend report detailing how funding allocated for 2022/23 is being spent

The Government will assess the information submitted and will use it to review the fund distribution and conditions ahead of allocating funding for 2023/24.

Guidance states that there is no requirement for local authorities to pay the identified fair cost of care by any specific deadline but will be expected to outline in their Market Sustainability Plan how they expect to move towards the identified fair cost of care.

### **1.5.3 The Cost of Care Exercise – Progress to Date**

The Government has worked with a number of organisations to produce recommended tools and the Authority has used the recommended tool for both care home and homecare data collection. Initial engagement sessions were held with providers and two independent organisations were engaged to support with the two data collection processes. These organisations brought experience of undertaking these processes in

other areas and were able to undertake data validation in an independent and unbiased manner.

The exercise is based on collecting actual spend information for 2021/22 and actual occupancy and delivery information to calculate unit costs. Providers can also submit information on inflation to provide costs at an April 2022 price level. The Market Sustainability Plan will need to consider efficient occupancy/delivery levels, any unusual costs in the base period of 2021/22 which was impacted by Covid-19, any additional costs which may relate to health needs and the methodology to uplift the fair cost of care for inflation on an ongoing basis.

Deadlines were set for providers to submit their information by 12 August for care homes and 21 August for homecare providers. At the time of writing this report, the collection process for care homes has been completed with 26 of the 30 homes located within the borough submitting information. This is an excellent response rate of 86.7% which compares very favourably with a reported national response rate of approximately 25%.

The collection phase for homecare is still in progress and ongoing contact is being made with homecare providers to offer support and encourage participation in this process.

#### **1.5.4 Next Steps**

The next phase of the process is the checking and validation of the data collected with queries sent to providers where anomalies or incomplete data is identified.

The data is also being examined and evaluated to understand the results of the exercise and how the data can be used to inform the Authority's strategic approach to sustainability in local care markets. This will result in the development of the provisional Market Sustainability Plan (for submission by 14 October 2022) which will be further refined into a final plan as part of the budget setting process for 2023/24 as further details on the grant funding and broader financial settlement are published later in the year.

This evaluation of the results of the fair cost of care exercise includes financial modelling of the cost of options of how the Authority might move towards the identified fair cost of care.

Throughout the process, officers from North Tyneside have taken part in regional and national work to ensure consistency of approach, sharing of resources and learning from best practice. This report seeks authority to submit the fair cost of care report, provisional Market Sustainability Plan and spend report by 14 October 2022.

#### **1.6 Decision options:**

The following decision options are available for consideration by Cabinet

##### Option 1

- a) Note the progress in carrying out a fair cost of care exercise; and
- b) authorise the Director of Children and Adults Services in consultation with the Director of Commissioning and Asset Management, Director of Resources, the Cabinet Member for Finance and Resources and the Cabinet Member for Adult Social Care, to approve the submission of the fair cost of care report, provisional

Market Sustainability Plan and spend report to the Department of Health and Social Care by 14 October 2022.

Option 2

Not agree to Option 1 and to propose an alternative approval mechanism to ensure that the terms and conditions of the Market Sustainability and Fair Cost of Care Fund can be met.

**1.7 Reasons for recommended option:**

Option 1 is the recommended option as the Government mandated timescales for the completion of this national exercise are very tight and the Authority must allow care providers to have sufficient time to analyse, collate and submit their information as well as giving the Authority time to evaluate the results of the exercise and develop a provisional Market Sustainability Plan which ensures that sufficient, high-quality care continues to be available to support the residents of North Tyneside.

The items outlined above must be submitted to retain the funding allocated to North Tyneside in 2022/23 and future years.

**1.8 Appendices:**

None

**1.9 Contact officers:**

Mark Longstaff, Director of Commissioning and Asset Management, Tel (0191) 643 8091  
Jacqui Old, Director of Health, Education, Care and Safeguarding, Tel (0191) 643 4063  
Scott Woodhouse, Strategic Commissioning Manager, Adults. Tel (0191) 643 7082.  
Sarah Heslop, Strategic Manager Commercial and Procurement, Tel (0191) 643 5456  
David Dunford, Senior Business Partner, Strategic Finance, Tel (0191) 643 7027

**1.10 Background information:**

The following background papers/information have been used in the compilation of this report and are available at the office of the author:

1. [People at the Heart of Care white paper](#)
2. [Market Sustainability and Fair Cost of Care Fund Guidance](#)
3. [Equality Impact Assessment](#)

## **PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING**

### **2.1 Finance and other resources**

Any financial implications arising from the fair cost of care exercise will be considered as part of the 2023-2027 Medium Term Financial Plan. Any potential fee uplift will add significant pressure to a service area already under considerable financial strain as reported in the Financial Management Report to 31 July 2022 also presented to Cabinet on 19 September 2022. Whilst Government funding is expected, the value that will be awarded to North Tyneside Council is yet to be confirmed but the assumption is that this will not be sufficient to cover the increased cost. Finance officers will continue to work with Cabinet and colleagues within Adult Social Care to develop plans to mitigate this increased burden.

### **2.2 Legal**

Under section 5 of the Care Act 2014, local authorities have a 'market shaping' duty to promote the efficient and effective operation of a market in services for meeting care and support needs, with a view to ensuring (amongst other things) that services are diverse, sustainable and high quality for service users, ensuring service users are provided with sufficient information to make informed decisions.

Pursuant to section 31(4) of the Local Government Act 2003 the Minister of State for Levelling Up Communities has imposed various conditions on the payment of Market Sustainability and Fair Cost of Care Fund, including submission of the plan and reports referred to a paragraph 1.5.2 above by 14 October 2022.

The submission of the plan and reports goes towards complying with those grant conditions. The plan and reports should comply with the relevant guidance and templates published by the Government. Final spend reports must be approved by the local authority's chief executive or section 151 chief finance officer. All other conditions attached to the grant also need to be complied with. Any breach of the grant conditions, serious irregularities or inadequacy in the reporting may result in a reduction or suspension of future fund payments or require the repayment of the whole or any part of the grant monies paid, as may be determined by the Secretary of State.

There are no other known immediate legal implications arising from the submission of these reports, however, when the fees paid to care providers contracted to provide services to the Authority are increased it may be necessary to review and formally vary any contracts if they do not already contain price adjustment provisions.

### **2.3 Consultation/community engagement**

#### **2.3.1 Internal Consultation**

There has been consultation with the Cabinet Member for Adult Social Care and the Senior Management Team on the fair costs exercise and the next steps to be taken.

#### **2.3.2 External Consultation/Engagement**

An engagement process has been undertaken with providers of care homes and homecare within the borough to ensure that providers understand the purpose of the exercise and the opportunity to identify a fair cost of care and additional engagement and

support throughout the process has been provided by two external organisations supporting this process.

## **2.4 Human rights**

There are no human rights implications arising directly from this report.

## **2.5 Equalities and diversity**

There are no new equality and diversity implications arising directly from this report. The fair cost of care exercise covers services used specifically by older and disabled persons, in accordance with their needs.

An equality impact assessment (EIA) has been completed in relation to this work and a copy of this is included in the background papers. There are no negative impacts identified that have not been able to be reduced or removed as a result of this assessment. The Authority will continue to engage with care providers as part of the process of submitting information to the Department of Health and Social Care and will continue to monitor and review any impacts of this and update the EIA as appropriate.

## **2.6 Risk management**

Sustainability of the care market and levels of care fees are included on the corporate risk register.

## **2.7 Crime and disorder**

There are no crime and disorder implications directly arising from this report.

## **2.8 Environment and sustainability**

There are no environment and sustainability implications arising from this report.

## **PART 3 - SIGN OFF**

- Chief Executive
- Director(s) of Service
- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Assistant Chief Executive