

Adult Market Pressure Payments

To: Adults & Health Committee

Meeting Date: 13 January 2022

From: Charlotte Black, Executive Director, People & Communities

Electoral division(s): All

Key decision: Yes

Forward Plan ref: 2022/009

Outcome: Committee are being asked to agree to the proposed approach to managing market pressures.

The aim of the proposed scheme is to ensure that we have sustainable provision of Adult Social Care capacity across our independent provider market, ensuring we are able to meet the eligible assessed needs of individuals in line with our statutory responsibilities.

Recommendation: The Adults and Health Committee is being asked to:

- a) agree to the implementation of the proposed approach to managing market pressures with budget implications for 2022/23 and beyond to be built into the Business Plan; and
- b) Agree to the proposed use of the Workforce Development Grant Round 2.

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Member contacts:

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1. Background

- 1.1 The Impacts of COVID 19 in Cambridgeshire continue to bring a significant pressure to the provision of care and support in the community, both due to the additional demand on services and the impact of the pandemic, governance guidance on the workforce and mandatory vaccination legislation. In addition, changes to national legislation, including the increased rate of the National Living Wage to £9.50/hr from April 2022, the introduction of the Health and Social Care Levy and the proposed social care reforms, will introduce additional financial pressures to the local authority and wider provider market.
- 1.2 Whilst there has been government funding to help address some of these pressures, particularly in relation to infection and prevention control, this is one off in nature and is due to end at the end of March 2022. Whilst this goes some way to addressing some of the pressures and financial challenges faced by providers in the short term, it does not address the longer term, sustained pressures that providers are reporting, as a result of:
- Increased staffing costs – costs have increased 15.4% in 2021 and 17% since before COVID. This is due to higher recruitment costs, retention incentives, increased hourly rates, increased agency use, increased training costs, increased staff sickness costs etc.
 - Impact on wellbeing and mental health - staff wellbeing is challenged, leading many staff to leave the sector.
 - Loss of income - Private occupancy levels have fallen by 28% since pre-Covid, impacting on overall income for providers.
 - Increasing insurance costs in Cambridge alone have increased by 80% for a premium for this year, as there are now only 2 insurance providers for the care home market.
 - Food costs have increased by over 4.5% in 2021.
 - Increased cleaning and PPE costs compared to pre Covid up nearly 300%.
 - Repair costs are now rising due to the increase in the price of raw materials, up 14%.
 - Brexit and care staff leaving the EU and departing the local area
 - Providers having to apply for visas for new workers which impacts on timescales and costs
 - Number of workers in the sector is static or diminishing and those who remain transit across providers, thus affecting local demand
 - Low remuneration for the responsibility of the roles compared to less skilled work
 - Winter pressures bring increased illness of staff (reducing workforce) and service users (increased demand), exacerbated by seasonal competition in warehouse and retail
 - Lack of career progression and pay
 - Inadequate training to deal with complex and specialist cases
 - Less attractive conditions of employment including long and antisocial hours, travelling between homecare calls, poor rural infrastructure, not being paid for travel time
 - The impact of mandatory vaccinations on the workforce

2. Main Issues

2.1 Infection Control, Rapid Testing and Vaccine funding, as outlined in the table below, is being passported to providers to support with the costs associated with this for the remainder of this financial year.

Grant	Allocation (October 21-Mar 22)
Infection Control Fund	£2,367,154
Rapid Testing Fund	£1,255,416
Vaccination Funding	£243,696
Total	£3,826,266

2.2 In November, government announced Workforce Development Funding of £1,573,580 until the end of March 2022, which we plan to passport to providers to address workforce pressures over winter. In December, government announced an additional £2.9m of Workforce Development Funding to be utilised by the end of March 2022. It is proposed to utilise some of this funding to offset the approach outlined in this paper for 2021/22.

2.3 Provider pressures are impacting across all elements of care provision, including residential/nursing care, home care and learning disabilities provision, creating additional risks to the health and social care system, at a time when capacity is already stretched by increased demand, winter pressures and financial challenges. These pressures are resulting in provider hand backs - over the last month alone 14 providers have handed contracts back, impacting on 20 service users and over 166 hours of care per week.

2.4 The risk of provider failure has a significant impact on the Local Authority and the provision of care, including:

- Disruption for existing residents who will lose their home, and potentially may need to move to another part of the County with minimal personal choice or preference.
- Clinical and social decline in the residents affected, particularly those with dementia who may struggle to understand the change and disruption.
- Difficulty in sourcing appropriate placements in alternative homes, particular when the same pressures may affect their capacity to accept
- Overall loss of capacity within the care home sector in Cambridgeshire

2.5 Alongside this we have a key opportunity to reshape provision, to move away from the traditional offering of residential home provision to deliver more flexible, local, person centred solutions based around peoples' homes, that deliver on the joint administration priorities, including - Care Together and Independent Living Services.

2.6 We need to work with providers to ensure sufficient, resilient market capacity in the short, medium and long-term. We want to engage with providers through a single conversation, which takes account of addressing pressures in a sustainable way alongside implementation of the joint administration priorities around implementation of real living wage and a social value return on investment. This means we need to address the following areas of market support:

- Short term emergency support to address the immediate challenges of workforce over winter, e.g. recruitment and retention, addressing infection control costs and pressures
- Medium to longer term financial sustainability in recognition of the longer-term pressures faced by providers, recognising increasing inflation rates, the impact of the health and social care levy and national living wage increases and implementation of the real living wage
- Medium to longer term workforce development support, including a local strategy and development of the care workforce as a profession

2.7 In addition to financial provision to manage increasing demand and demography (£10.036m in 2022/23) a number of options to address these pressures for providers have already been identified and currently £12.3m of budgetary investment in 2022/23 is being accounted for via the business planning process, as outlined below.

Pressure / Investment	2022/23 (£000)	2023/24 (£000)	2024/25 (£000)	2025/26 (£000)	2026/27 (£000)
Demand and Demography (Ref: A/R.3.002 to A/R.3.007 and A/R.3.017)	10,036	11,539	11,398	11,107	11,267
Inflationary Pressures on Care Costs (Ref: A/R.2.002)	1,866	1,984	2,918	2,918	2,918
Impact of National Living Wage on Adult Social Care Contracts (Ref: A/R.4.009) *	7,172	7,565	4,883	4,883	4,883
Impact of Health and Social Care Levy on Care Providers (Ref: A/R.4.042)	1,000	-	-	-	-
Additional Investments – operational capacity	618	-	-	-	-
Additional Investment – Joint Administration Priorities	1,662	4,358	3,619	409	543
Total	22,354	25,446	19,608	19,317	19,611

*Incorporates the 6.6% increase to £9.50/hr.

This is against a backdrop of adults identifying c. £10.5m of savings, increased income and budget reductions for 2022/23.

- 2.8 Whilst this provides a range of financial support, it does not address all of the pressures providers are facing, and there are a number of additional options to consider implementing.
- 2.9 *Option 1 – Do nothing:* If we do nothing, in addition to the distribution of government funding and the investment already budgeted in the business planning as outlined above, then there will be no additional upfront cost to the local authority. However the pressures on the market will continue to exacerbate. This will lead to further provider hand-backs and decreased capacity to address statutory care needs. We are already in a position where provider hand backs are increasing, with 14 providers handing back contracts over the past month, impacting on 20 service users and over 166 hours of care per week.

2.10 *Option 2 – Emergency 10% uplift to address winter pressures:* This option would provide additional short term financial support to help address the immediate pressures of workforce and capacity over winter. Whilst this would support capacity over the next few months, this does not offer a sustainable long term financial solution for the market. The upfront cost of this would be significant to the council. There is also a risk that this approach could duplicate the passporting £5.2m of one-off government grant funding to providers between now and the end of March 2022.

2.11 *Option 3 – Implement full uplifts, NLW and RLW proposals and social value now:* NLW and RLW costs have been factored into the business planning budget for 22/23 onwards, with a phased approach to rolling out the RLW. This option would look and bringing these payments forward and implementing them immediately. Whilst this would offer a long-term sustainable solution to providers, there are a number of risks and issues with this approach, including:

- Permanent budgets will not be approved until the business planning process is complete and has full Council sign off in February 2022, so any payments to providers initiated in year would have to be communicated as ‘temporary’ or ‘emergency’ in nature, which may present a confusing message to the market.
- The cost of implementing the RLW has been factored into the business planning budget in a phased way over a 2-year period. To implement this in one uplift would present a significant financial pressure to the local authority of c. £10m in 2022/23.

2.12 *Option 4 – Additional investment in targeted areas:* This option would mean we continue to implement the approach to NLW and RLW in a phased way, in line with the business cases. This would result in NLW kicking in from 22/23 and the RLW being phased in over 2 years. In addition to the government grant funding and the business cases already accounted for within business planning, we have identified a number of areas where additional targeted investment would be beneficial, as outlined below:

Investment Area	Description	2021/22 Investment (£000)	2022/23 Investment (£000)
Care Homes – Blanket Uplift	<p>In order to support the market to meet the financial challenges and mitigate the risk to the decline in quality of provision, we propose to:</p> <ul style="list-style-type: none"> • Uplift all spot’s below T1 rates to T1 block bed rates (backdate to April 2021/October 2021 dependent on contract anniversary date) to support providers with low spot rates • Uplift all T1 block beds to T2 block bed rates backdated to October 2021 • Apply no uplifts to T2 block beds or spot placements above the T1 rate <p>There is a current uplift budget of £456k available in year, so this has been offset against the total.</p>	379	NIL

	<p>The cost of this for 2021/22 would be £835k. With the current uplift budget of £456k available, this would require an additional £399k for 2021/22.</p> <p><i>The additional cost in 2022/23 would be £800k but we have sufficient inflationary drag funding in the budget for 2022/23, so no additional funding would be required.</i></p>		
Home Care – Blanket Uplift	<p>The main areas of pressures faced by home care providers are:</p> <ul style="list-style-type: none"> • Fuel and utilities increases • NI increase, as a result of the health and social care levy • NI increase for staff / move to more competitive pay <p>The proposal is to increase the hourly rate by £0.65 per hour, backdated to April 2021, in addition to the business planning investment already outlined. This will cost £985k in 2021/22 and £986k in 2022/23.</p>	985	986
Home Care – Specific Provider Uplift	<p>A 12-month extension was announced to providers of the home care block cars in March 2021, to run from June 2021 to June 2022.</p> <p>An annual uplift was awarded which equates to a pressure of £159,541 for the existing double up cars from 22/23 onwards. This can be offset in 2021-22 against the savings from decommissioning single cars. However, the full saving on the re-tender of £235,853 has been offered as a saving in 2022/23 as part of the business planning process. This means that there will be a pressure that needs funding from 2022/23.</p>	NIL	160
Learning Disabilities – Floating Support	<p>In order to ensure sufficient support is in place for LD providers to support capacity over winter. To support people with Learning Disability and/or Autism across Cambridgeshire, including:</p> <ul style="list-style-type: none"> • 24 hour support at home • Additional staffing to existing supported living provision 	65	NIL

	<ul style="list-style-type: none"> • Providing emergency support in the community • Flexible support within the community or within the home as an alternative to residential respite • Additional staffing to support in existing residential care provision <p>We would be looking to commission an initial block of support to ensure that there are two floating support staff available to undertake any of these support packages based in the community/people's.</p> <p>We anticipate that the proposed funding for this service at a weekly cost of £2,033 per worker per week = 2 x £2,033 x 16 weeks = £65,056</p>		
Learning Disabilities – uplift	<p>It is requested that additional uplift funding is made available to providers of LD services in particular for LD residential, respite, supported living and day opportunities in order for our financial commitments to meet the demand to support people with higher needs.</p> <p>It is proposed that this is made to contracted LD providers where need is evidenced in recognition of market and inflationary pressures. This would be separate/additional to any future payments which may be made linked to staffing such as recruitment and retention payment which may be targeted at CQC registered providers only.</p> <p>This payment would support providers to continue to operate, particularly given the recent known inflationary increases for non-staffing costs such as accommodation, utilities and fuel.</p> <p>The uplift will equate to investment of £686k (local authority share) in 21/22 and £686k (local authority share) in 22/23.</p>	686	686

<p>Workforce Development</p>	<p>The following areas of investment in workforce development have been identified.</p> <ul style="list-style-type: none"> • Workforce Strategy Development • Resource to set up and deliver recruitment programme (targeted at schools, colleges, apprenticeships etc) <p>Workforce Strategy Development: Having good quality capacity is predicated on a suitable skilled workforce which can be retained and new skills recruited to meet the ongoing demand for different services. The council will seek to develop a workforce strategy in collaboration with providers to set the strategic direction for this. Due to our own capacity challenges and competing demands it is not possible to undertake this in any reasonable timeframe. Therefore to enable this to happen additional resource is needed for a six-month period. It is anticipated that this will incur a pressure of £67,000 in 2021/22 and £32,000 in 2022/23.</p> <p>Workforce Recruitment Programme: In order to support the homecare market in recruiting new applicants, attracting new people into care industry, we will develop a recruitment programme. This will involve engaging with schools, colleges and working in partnership with the health and care academy, as well as providers to begin changing the narrative around care and careers within care. We are already working in partnership with the health and care academy, and understand there are courses available for free, however not everyone who is completing it goes on to work within care. Understanding where and why this happens will be vital in trying to solve the issue of recruiting and retaining new people into care.</p> <p>Either inhouse or commission an organisation to provide:</p> <ul style="list-style-type: none"> • 1.5 FTE staff to manage service to work alongside all stakeholders to deliver engagement programmes. 	<p>67</p> <p>30</p>	<p>32</p> <p>120</p>
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	<ul style="list-style-type: none"> To review and analyse existing support and courses available and understand where in the pipeline people are falling away from working in care. Marketing campaign to support the strategy, alongside resource support for providers who will be working with us in partnership to successfully run the strategy. <p>Total spend: £120,000/annum for two years (£240,000 over two year contract)</p>		
Total		2,212	1,984*

2.13 Recommended Option: The recommended option is option 4. This is reflective of the budget pressures and risks that have already been accounted for as part of the business planning process, whilst recognising that there are additional interventions needed to stabilise the market.

2.14 This would require additional investment in 2021/22 of £2.2m. The recently announced second round of Workforce Recruitment and Retention funding can be used to fund some of this support, where it falls within the grant criteria and is incurred between December 2021 and March 2022. Further details of this grant are set out at section 2.20 below. It is suggested that the remainder of the support in year be funded by existing ASC budget underspends within the service area. As of October, the adults and safeguarding directorate were reporting a forecast underspend of £4.6m for 2021/22. In 2022/23 a corporate investment of £2.0m would be required.

2.17 Additional Financial Risks in 2022/23

2.17.1 *Market risks:* In addition, the following budget risks related to the market have been identified for 2022/23. Whilst we are not asking for additional investment to be made into the 2022/23 budgets at this stage, it is important to highlight that these may present a pressure next financial year, which would need to be addressed in year.

2.17.2 *Community Equipment:* The community equipment service is heavily dependent on third party suppliers across a variety of sectors. Community equipment costs have significantly increased as a result of the pandemic. There is a risk to the budget in 2022/23 as a result of inflationary cost pressures we may continue to see come through. There is no inflationary provision currently included in budget for the community equipment contract as part of the 2022/23 uplift strategy. The contract was recently re-tendered and a saving of £121k has been offered for 2022/23 as part of business planning. The saving has been modelled on the basis of reduced activity costs, assuming the same pattern of expenditure/mix of products next year.

2.17.3 We know pressures on equipment prices are particularly high at the moment due to shipping container shortages and Brexit. Any further price increases would not be covered within the contract and would be a pressure passed to the Council. Modelling a c. 2% increase across all equipment, which would be a prudent, mid-way point in terms of the pressure we could see in reality, would present an additional pressure of c. £20k to the budget in 2022/23.

2.18 Other risks

2.18.1 The following risks which are not directly related to the market pressures are also being worked on / taken forward through separate papers:

- Retention payments for social work staff within Adult Social Care – the subject of a separate paper to January committee.
- Deprivation of Liberty Safeguards / Liberty Protection Safeguards – new guidance was due to have been issued by now in relation to the implementation of Liberty Protection Safeguards during 2022-23. We are still awaiting this guidance before we can assess the impact on staffing / operational costs. But whilst we await the guidance we are looking to clear the backlog of DoLS assessments which are overdue. This is expected to cost £179k over 2 years but is planned to be covered in year by underspends, and next year within the Adults budget or from the ASC risk reserve.
- Reforms to Adult Social Care - the details behind the government's recent announcements on reform of adult social care, including the cap on care costs, are awaited. The reforms will increase costs for the Council but as yet we do not know how much of this will be funded. As further information becomes available work will continue to quantify the financial impact of the changes.

2.19 Workforce Recruitment and Retention Fund Round 2

2.19.1 In December 2021, the government announced a further round of additional funding of £2.9m for Cambridgeshire County Council. The purpose of this funding is to support workforce recruitment and retention for adult social care between 10/12/2021 and 31/03/2022.

2.19.2 Following discussion with local providers and partners, including local NHS partners, it is proposed that the funding be utilised to address the following key areas of known workforce pressures. This approach enables us to target funding appropriately, based on the identified internal and external workforce capacity pressures:

- C. 80% of funding to be passported to the market to address workforce pressures over the winter, including supporting the implementation of the approach outlined in this paper.
- Remaining 20% of funding to be utilised to address identified internal workforce capacity pressures, including:
 - funding of the social worker retention payment scheme for payments made before 31 March 2022, as per the 'Adults Retention Payment' paper being presented to the January 2021 Committee. This will enable us to bring forward these payments into 2021/22, to support retention of staff in key front line social care roles.

- Funding of capacity to address the reviews backlog for costs incurred before 31 March 2022, creating additional internal staffing capacity to address this; and
- Targeted recruitment interventions to drive up recruitment for local authority staffing, reducing vacancy rates across social care roles.

2.19.3 Utilising the funding in this way will support sufficient adult social care workforce capacity throughout the coming winter months. Addressing both identified internal workforce capacity issues, as well as supporting external independent providers who provide care and support to those who are most vulnerable. This includes a focus on both recruitment of additional staff, retention of staffing and training for staff. This will support the aims of:

- Supporting timely and safe discharge from hospital where ongoing care and support is needed
- Support providers to maintain the provision of safe care and bolstering capacity with providers to deliver more hours of care
- Support providers to prevent admission to hospital
- Enable timely new care provision in the community
- Support and boost retention of staff within social care

2.19.4 Due to the late notification of funding, and the need for rapid implementation/distribution of funding needed prior to year-end, we are proposing that the committee agree the approach for utilising this funding.

3. Alignment with corporate priorities

3.1 Communities at the heart of everything we do

There are no significant implications for this priority.

3.2 A good quality of life for everyone

Provider sustainability will help to support sufficient quality adult social care provision is available, enabling people to be supported in the right way, in the right place at the right time, ensuring the best outcomes for people.

3.3 Helping our children learn, develop and live life to the full

There are no significant implications for this priority.

3.4 Cambridgeshire: a well-connected, safe, clean, green environment

There are no significant implications for this priority.

3.5 Protecting and caring for those who need us

There are no significant implications for this priority.

4. Significant Implications

4.1 Resource Implications

The report above sets out details of significant financial implications in paragraph 2.14

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

Whilst no specific procurement implications are raised within this report, we will continue to work with procurement to ensure compliant processes are developed to deliver the required aims.

4.3 Statutory, Legal and Risk Implications

There are no significant implications for this category.

4.4 Equality and Diversity Implications

There are no significant implications for this category.

4.5 Engagement and Communications Implications

There are no significant implications for this category.

4.6 Localism and Local Member Involvement

There are no significant implications for this category.

4.7 Public Health Implications

There are no significant implications for this category.

4.8 Environment and Climate Change Implications on Priority Areas:

There are no significant implications for this category.

4.8.1 Implication 1: Energy efficient, low carbon buildings.

Positive/neutral/negative Status: Neutral

Explanation: The proposal has no impact on this.

4.8.2 Implication 2: Low carbon transport.

Positive/neutral/negative Status: Neutral

Explanation: The proposal has no impact on this.

4.8.3 Implication 3: Green spaces, peatland, afforestation, habitats and land management.

Positive/neutral/negative Status: Neutral

Explanation: The proposal has no impact on this.

4.8.4 Implication 4: Waste Management and Tackling Plastic Pollution.

Positive/neutral/negative Status: Neutral

Explanation: The proposal has no impact on this.

4.8.5 Implication 5: Water use, availability and management:

Positive/neutral/negative Status: Neutral

Explanation: The proposal has no impact on this.

4.8.6 Implication 6: Air Pollution.

Positive/neutral/negative Status: Neutral

Explanation: The proposal has no impact on this.

4.8.7 Implication 7: Resilience of our services and infrastructure, and supporting vulnerable people to cope with climate change.

Positive/neutral/negative Status: Neutral

Explanation: The proposal has no impact on this.

Have the resource implications been cleared by Finance? Yes

Name of Financial Officer: Justine Hartley

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the Head of Procurement? Yes

Name of Officer: Henry Swan

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law? Yes

Name of Legal Officer: Amy Brown

Have the equality and diversity implications been cleared by your Service Contact?

Yes

Name of Officer: Will Patten

Have any engagement and communication implications been cleared by Communications?

Yes

Name of Officer: Matthew Hall

Have any localism and Local Member involvement issues been cleared by your Service Contact? Yes

Name of Officer: Will Patten

Have any Public Health implications been cleared by Public Health?

Yes

Name of Officer: Emily Smith

If a Key decision, have any Environment and Climate Change implications been cleared by the Climate Change Officer?

Yes

Name of Officer: Sarah Wilkinson

5. Source documents guidance

5.1 None