

Adult Social Care Reforms: Update and Overview

To: Adults and Health Committee

Meeting Date: 5 October 2022

From: Debbie McQuade, Director of Adults and Safeguarding
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Electoral division(s): All

Key decision: No

Forward Plan ref: Not applicable

Outcome: This report provides an overview of the Adult Social Care Reforms and progress to implement the changes. Through this report, Members will gain awareness of:

- the key changes that the Reforms will introduce for Adult Social Care
- the operational and financial implications of the changes
- the process and next steps for the Council in implementing the reforms

Recommendation: Adults and Health Committee is recommended to:

- a. Notes the overview and context provided in relation to the Adult Social Care Reforms.
- b. Notes the operational and financial implications to the Council

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1. Overview

- 1.1 The recent Health and Care Act and subsequent Care (People at the Heart of Care) and Integration (Joining up care for people, places and populations) white papers have set out a number of significant changes to the duties of Local Authorities in relation to adult social care. The purpose of this report is to provide an overview on the implications to the Council of these changes and process and next steps for implementation.

2. Main Issues

- 2.1 The Government recently published [‘Build Back Better: Our Plan for Health and Social Care’](#) and [‘People at the Heart of Care: Social Care Reform’](#), which outlines significant legislative changes to Adult Social Care, which come into effect from October 2023. Whilst the key changes associated with the introduction of a cap on care costs, changes to financial means testing and the Fair Cost of Care will bring significant new financial burdens to the Council; the reforms bring wider changes including; Care Quality Assurance, Carers support, new models for housing and care and a focus on digitalisation and technology. The key areas covered by the reforms are:

- Integration with health, and links to Integrated Care Systems
- Charging for care and how much people pay for care
- How much Local Authorities pay for social care – Fair Cost of Care
- CQC Assurance of the quality of Local Authority adult social care functions
- Information and advice
- Carers
- New models for housing and care
- Innovation and technology

- 2.2 A further significant change in legislation is the Liberty Protection Safeguards, for those who lack mental capacity, which is being managed separately to the wider reforms covered within this paper.

- 2.3 These changes whilst extremely challenging to deliver, both in terms of complexity and cost, do sit well with the priorities set out by the administration.

- 2.4 For some of these changes we have received more detailed information, whilst for others we are still awaiting further guidance. An overview of what we know currently is provided below.

2.5 Charging for care and how much people pay for care – Cap on Care Costs

- 2.5.1 Last year the Government announced that it will introduce an £86,000 cap on the amount anyone in England will need to pay for personal care over their lifetime, this is referred to as the “Cap on Care Costs”. The reforms also increase the capital threshold for Council funding support from £23,250 to £100,000, with the lower threshold before which capital is counted against client contributions increasing from £14,250 to £20,000.

- 2.5.2 The Department of Health and Social Care (DHSC) published the updated operational guidance on implementing the cap on care costs, alongside the government response to

the consultation on this draft guidance. This guidance seeks to support all local authorities in their preparations for implementing our reforms from October 2023.

- 2.5.3 This more generous means-testing threshold limit means that more people will be eligible for Council funding support towards the cost of care earlier and reduces the amount that people will have to pay for their care each week. Anyone with assets under £20,000 will not have to pay anything for their care from their capital assets.
- 2.5.4 The amount of income that a person subject to the means test must be left with in applying the means-test – the ‘social care allowance’ – rose in line with Consumer Price Index (CPI) inflation at 3% in April 2022.
- 2.5.5 For the “Cap on Care Costs”, where the local authority is meeting a person’s needs, that is, where the local authority arranges the person’s care or provides financial support, they will meter based on what they are charged by the local authority to contribute towards their care costs, excluding any local authority support. Where the person fully funds and arranges their own care, they will meter based on what the cost would be to the local authority, if it were to meet their eligible care and support needs. This ensures the new system does not unfairly advantage those who can afford to pay more for their care and want to do so to reach the cap quicker.
- 2.5.6 To make charging more equitable between those who receive home care with those living in a residential care setting, under the capped system, after reaching the cap, everyone in residential care will remain responsible for meeting their daily living costs (DLCs), such as rent, food and utility bills. The component of a person’s care package attributable to DLCs will not count towards the cap on care costs. DLCs will be set as a national, notional amount, the equivalent to £200 per week in financial year 2021 to 2022 prices.
- 2.5.7 We are currently working through the detail of the guidance to fully understand the impact for the Council, however given the number of people currently estimated to be self-funding their care in Cambridgeshire the likely impact in terms of social care resources to carry out assessments and reviews, financial assessment officer resources to carry out financial assessments and funding required to cover the costs of care packages for the those newly eligible for Council funding will be substantial. In addition to this the work required to support the metering of care costs towards the £86,000 will also be significant, and it is as yet unclear what the digital offer will be from our care record system suppliers.

2.6 How much we pay for care – Fair Cost of Care

- 2.6.1 The Government recognises that council fee rates are in many cases unsustainably low at present, and it plans to support moves towards a Fair Cost of Care (FCC) with new injections of central Government money, starting in financial year 2022/23.
- 2.6.2 On 24 March 2022 the Government published new [Operational Guidance for the introduction of its Fair Cost of Care \(FCC\) policy](#). The paper sets out conditions which Councils need to meet in order to access future funding to support the requirements to pay a fair cost for provision of social care.

2.6.3 By 14 October 2022 Local Authorities must have undertaken and submitted to the Department of Health and Social Care the following requirements:

1. **Complete two cost of exercises for care home delivery services to those aged 65 and over, and domiciliary care for all adults over the age of 18** – In April 2022, Laing Buisson a leading specialist in this field was commissioned in line with procurement regulations and procedures to undertake the exercise in conjunction with key Council teams. A final report is due to be produced for review by the Council by 26th September 2022.
2. **Develop a draft market sustainability** plan utilising DHSC templates and using the costs of care exercise as a key input to identify risks in the local market, with consideration given to the further commencement of Section 18(3) of the Care Act 2014 and key principles for how the Council intends to bridge the gap in funding identified. Please note, a final sustainability plan is required to be submitted in February 2023 and will be brought to Adults and Health Committee for key decision beforehand.
3. **Produced a financial statement** detailing how funding allocated for 2022 to 2023 is being spent in line with the fund's purpose

NOTE: On 7 July the DHSC confirmed that Section 18(3) will apply to all new care home residents from October 2023 and to any existing care home residents by October 2025. When Section 18(3) comes into full effect for care homes, it will mean that privately paying care home residents will be able to ask their upper-tier council to arrange care for them, at the usual council rate.

2.6.4 To date, the Fair Cost of Care Review has gathered a mixed response from local providers. With provisional key themes and findings outlined within the table below. Please note, the process is ongoing, so rates have not been included at this stage as they are very much subject to change but as expected a significant gap is likely to be reported:

Care Homes	Homecare
We asked a total of 91 care homes to return the cost of care template submission. Of these, there were 33 submissions that were subsequently validated representing 57% of the market.	We asked a total of 81 providers to return the cost of care template submission. Of these, there were 25 submissions that were subsequently validated, representing 31% of the market.
Submissions across all district areas were received and on the whole from large organisations, with smaller organisations being under-represented.	Submissions across all districts were received with a majority being from small group or independent providers.
	The response rate was not as high as anticipated, despite attempts to engage with providers through a variety of communication channels, including intensive, direct telephone contact with providers to encourage participation and

	<p>completion of the toolkit. Challenges for providers included:</p> <ul style="list-style-type: none"> • Company policies not allowing participation • Unease over the level of detail and confidentiality of data requested • Lack of time to complete the tool • Lack of interest, including the perceived lack of meaningful results from comparable exercises in the past
Staffing costs are the main driver of costs within care homes with carer basic pay averaging between at £10.80 and £10.99 per hour, and nursing basic pay averaging at £19.35 and £19.48 per hour depending on bed type.	The biggest cost identified in the breakdowns submitted was carer basic pay per hour, averaging at £10.60ph.

- 2.6.5 Guidance issued by DHSC and accompanying webinars have sought to emphasise that Councils retain responsibility for determining fee rates within their local areas and this does not need to align with the Fair Cost of Care outcome. It does, however, require a clear rationale which utilises robust evidence and sound judgement.
- 2.6.6 The Council supports the views of leading specialists like Laing Buisson who have questioned whether the full implementation of Section 18(3) of The Care Act 2014 is the right policy at the right time. The implementation of such wholesale changes to funding models comes at a time when the care market is particularly fragile in the aftermath of the COVID-19 pandemic, with significant regional blackspots. It also agrees with the assertion that a potential timetable for implementation in January 2023 is ambitious, given the multiple stakeholders and dimensions of the proposed reforms. Given this, the timetable should be reconsidered, and robust pilots be given more time to embed and understand the outcomes.
- 2.6.7 Other challenges and further work to inform these developments include:
- DHSC predicts an 80% take-up in registration for the care costs cap, but it has made no detailed forecasts for the take-up by the public of section 18(3). Research should be undertaken into the behavioural side of the policy implementation and the pathway for residents, both existing and prospective.
 - The FCC must be agreed by each local authority working with local care provider associations, or where such associations do not exist, with groups of providers. Guidance for such exercises has not been disseminated. DHSC should revisit previous evidence of the difficulties of agreeing such fair cost of care.
 - Despite the increasingly collaborative relationship between local authorities and NHS bodies, particularly the advent of Integrated Care Systems, it appears NHS-funded residents (those with both a health and care need) will not be included in the 18(3) provisions. Clarity on the direction of travel would be welcome.

- Although DHSC has confirmed it will encourage top ups where appropriate, it should further research the way top ups currently work and the way in which they may now assume particular importance to providers which require higher fee rates than offered by FCC
- DHSC should release details of infrastructure and technology to allow for current assessment capacity to be significantly extended to cope with the demand for such assessments which will be triggered by section 18(3).
- DHSC should engage with the investor community to explain its vision for section 18(3) and to canvass views from investors, lenders and other financial stakeholders, so as to avoid a potential 'cliff edge' adverse reaction in the coming months

2.7 Introduction of CQC Assurance for Adult Social Care Local Authority duties

2.7.1 The Health and Care Act sets out the following:

- Introduces a duty for the Care Quality Commission (CQC) to independently review and assess Local Authority performance in delivering their adult social care duties under Part 1 of the Care Act 2014.
- Puts in place new legal powers for the Secretary of State for Health and Social Care to intervene in local authorities to secure improvement where there are significant failings in the discharge of their adult social care functions.
- Sets out plans to establish an adult social care data framework by autumn 2022 and to improve the availability of data nationally, regionally and locally.

2.7.2 In response to this the Care Quality Commission (CQC) is currently consulting on its plans for an assurance framework for local authority social care, which aligns to assurance of Integrated Care Systems and the regulation of health and social care providers.

2.7.3 The consultation outline plans to focus the assurance on the following four overarching themes:

- **Working with people** – assessing needs, supporting people to live healthier lives, prevention, wellbeing, information and advice.
- **Providing support** – markets (including commissioning), integration and partnership working.
- **Ensuring safety** – safeguarding, safe systems and continuity of care
- **Leadership** – governance, learning, improvement, innovation.

With choice, control and personalisation threaded throughout, alongside TLAP's Making It Real "I" and "We" statements.

2.7.4. The latest communication from DHSC, the 22 September letter setting out the statutory reporting requirements for the year, noted that CQC assurance is anticipated to start in 2023/24. The first assurance letter for the Council is likely to have a judgement but not be made public. Mostly assurance will be via the submission of data and evidence to a portal, with inspection visits being made where there are particular areas of concern. However, even without inspection visits the level of work to complete a self-assessment and online submissions and refreshing of evidence is likely to be a substantial commitment for Councils.

2.7.5 There will also be a refresh of the Adult Social Care Outcomes Framework and DHSC are proposing to deliver this ASCOF refresh in two phases. Later in the autumn, the first phase of the refresh will be launched, replacing some metrics produced from historical annual data

returns with metrics from the newly mandated “client level data return” which will be submitted quarterly from 1 April 2023 and removing metrics that no longer effectively measure Care Act outcomes. Full details of the changes will be announced later in the autumn, following further stakeholder engagement on the proposals. DHSC will continue to engage with stakeholders to develop metrics for the proposed second phase of the ASCOF refresh, which will fully utilise new data streams coming online over the next few years, such as updates to the user and carer surveys.

2.7.6 To prepare for CQC Assurance and ensure we know our story the regional ADASS branch is organising some LGA run mock inspection visits, Cambridgeshire is having a mock inspection visit jointly with Peterborough from 21-23 September.

2.7.7 We are also continuing with the regional self-assessment and assurance process for 2021/22 to the timetable below:

- Directors completed the Self Assessment Tool May 2022
- Buddy conversation took place in June 2022
- Ex Director visit happened in July 2022
- Regional Challenge Event 30th September 2022

2.8 Information and Advice

2.8.1 The DHSC want to make it easier for people to make decisions about the care they or people they support need to live the life they want to, and to understand what their rights are and what support is available to them. To this they will seek to ensure high-quality information and advice is available and accessible to everyone who may need it, so people are empowered to make informed decisions about the care and support they may need, now and in the future.

2.8.2 This means making sure that people understand the support available to them in their area to maintain their health and wellbeing and achieve the outcomes that matter most to them.

2.8.3 We also need to make sure that people receiving care and support, particularly those who may face challenges with finding employment, are supported to obtain work.

2.8.4 To support this ambition, over the next three years DHSC will:

- Invest at least £5m to pilot and evaluate new ways to help make it **easier for people to navigate** their local adult social care system.
- Identify effective ways for local authorities to **support people with autism and learning difficulties into employment**, with the launch of the Local Supported Employment scheme.

2.8.5 Further information has yet to be published however, this is likely to link to elements of the integration white paper around promoting the role of care navigators and link workers. The Council is in a good position to engage with this work once the detail becomes known as we already have good links to primary care social prescribing. However, we know there is much more work needed to make our offer acceptable to everyone, and particularly hard to reach groups. We also know that we need to get better at supporting people with learning disabilities or autism into employment.

2.9 Carers

- 2.9.1 The white paper also sets out the ambition to improve the experiences of the millions of people across the country who play an important role in caring for their friends and family, recognising that for some this can be a significant commitment.
- 2.9.2 Pledging to improve information, advice and support services for people with caring responsibilities, recognising the important role they play and empowering them to achieve the life goals that matter to them.
- 2.9.3 Over the next three years the DHSC will:
- Invest up to £25m to work with the sector to kickstart a change in the services **provided to support unpaid carers**, and their availability across the country.
 - Provide for a duty for Integrated Care Boards to **involve unpaid carers when commissioning care** services.
 - Introduce a Carer's Leave entitlement of 5 days of unpaid leave per year for eligible employees.

2.10 New models of housing and care

- 2.10.1 The White Paper sets out the long-term vision to transform social care to ensure that everyone in England is able to access the right care, in the right place, at the right time. The place people live in, the technology they use, and the care they receive are all important to help people to live the life they choose.
- 2.10.2 The reforms aim to ensure the care and support people receive is personalised, helps maintain and build their independence, and allows them to have more choice and control over the things that matter, enabling them to live healthier, happier and more fulfilling lives.
- 2.10.3 The pledge is to ensure everyone who draws on care and support has a choice of housing options that work for them, which help them to live well in their own home or in their community. Our ambition is to give more people the choice to live independently in their own homes for longer. To increase the supply of supported housing for people whose care and support needs mean they need a home that is specifically designed to support independent, healthy living.
- 2.10.4 To achieve this ambition, over the next three years DHSC will:
- Support local authorities to **provide more supported housing** for those who need it to help them live as independently as possible, with at least £300m of new investment.
 - **Increase the supply of specialised housing** for older people and people with a physical disability, learning disability, autism or mental ill-health with £210m investment in the Care and Support Specialised Housing (CASSH) Fund.
 - Launch a **new practical support service** to make minor repairs and changes to people's homes to help people remain independent and safe at home.

2.11 Innovation and technology

- 2.11.1 The white paper also sets out proposals for funding to support digitalisation for adult social care. With the aim of making the most of technology to support people to live

independently and ensure care professionals have the right digitised information at their fingertips to provide safe, outstanding quality care.

2.11.2 The white paper also states an ambition to develop new and innovative ways of providing care and support to people at scale, increasing the choice of care available to individuals.

2.11.3 To achieve this vision over the next three years, the following is proposed:

- **Accelerate the digitisation of social care** with a £150m fund. This will improve broadband connectivity, cyber security and the digital skills of the social care workforce to help drive uptake of digital social care records and other technologies that improve the quality, safety and personalisation of care.
- Support local authorities to launch innovative **new ways of delivering care in the community**, improving the choice of care available to individuals through a new £30m Innovative Models of Care Programme.

2.12 Integration with health

2.12.1 The White Paper [Health and social care integration: joining up care for people, places and populations - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/health-and-social-care-integration) was published in January 2022, setting out the following key intentions

- A new requirement for shared place-based outcomes across health and local government.
- Proposal to strengthen provision of health and social care within the community
- Expectation that a single person will hold the lead accountability for delivering shared outcomes across health and social care.
- Sets out proposals for progressing key enablers of integration (workforce, digital and data, financial pooling and alignment)
- Reinforces the role of CQC and regulation in supporting integration at place level.

2.12.2 The visions within the white paper are linked to the following “Think Local Act Personal” statement. “Everyone should be able to say: ‘I can plan my care with people who work together, to understand me and my carer(s), who allow me control and bring together services to achieve the outcomes important to me.’”

2.12.3 Shared outcomes will be implemented from April 2023, and delivery of these will be overviewed by the regulatory framework being introduced for Integrated Care Systems. Integrated Care Systems themselves went live in 2022. These shared outcomes will need to be designed by partners across the system and with citizens and be grounded in an understanding of the needs of the local population.

2.12.4 To support pooling of budgets there is currently a proposed review of section 75 of the NHS Act 2006, to simplify the current regulations.

2.12.5 There is a reaffirmed commitment to personal health budgets and personal budgets as means to personalising integration for individual people’s care and support.

2.12.6 There is a focus on implementation of the shared care record across health and social care, including social care providers, and continued commitment of sharing health and social care

data to support population health management across Integrated Care Systems. There is a target for each Integrated Care System to have a population health platform to support planning and proactive population health management by 2025. There is also a target to achieve 80% adoption of digital social care records among CQC-registered social care providers by March 2024.

2.12.7 The paper also promotes the introduction and expansion of technology to support self-management of health and social care, including patient access to their health and care record, and expansion of digital technology in people's homes. There is a target for March 2024 for 20% of care homes to have acoustic monitoring solutions in place to prevent falls.

2.12.8 The paper also sets out plans to improve capacity and skills within the health and social care workforce which includes:

- To improve digital and data skills within the health and social care workforce, from strategic planning through to direct care delivery roles.
- Allow for deployment of staff across health and social care sectors, including more flexibility on delegated tasks, with a national framework for delegation of healthcare interventions.
- Introduction of an Integrated Skills Passport to enable and health and care staff to transfer their skills and knowledge between the NHS, public health and social care.
- Increasing learning opportunities available to social care staff to include health undergraduate degree apprenticeships.
- Exploring opportunities for joint health and social care roles in both regulated and unregulated settings

3. Financial Implications of the Reforms

3.1 The financial implications of the reforms will be significant. Both in terms of the ongoing costs as result of the changes, alongside the one-off costs associated with the implementation phases.

3.2 The County Council Network (CCN) recently commissioned Newton Europe to undertake a piece of work to understand the impacts of the charging reforms for people receiving care, providers and local authorities and to analyse the operational and financial impacts of these proposals on local authorities ([Preparing for Reform](#)), including:

- The change in the cost of support funded by the local authority via:
 - The implementation of the cap on care costs
 - The new system of means testing
 - The establishment of a 'fair cost of care'
- The change in demand for local authority assessment and support and the operational capacity implications associated with this.

3.3 The analysis highlights that over a 10-year period there will be a £10bn gap in national funding, when compared to the Governments Impact Assessment (£29bn-£32bn vs £19bn)

3.4 It further highlights that by 2031-32 social care will need 50% of the health and social care levy to implement the proposed changes (£5.6 -£6.2bn per annum) to implement proposed

changes and the operational impact of the changes will result in 200,000 more assessments per annum nationally. This equates to a 39% increase in social workers and 25% increase in financial assessors.

- 3.5 For Cambridgeshire, the report outlines the potential cost of the Reforms to the Council of being in the region of £22.8m-£21.6m in 2023/24, rising significantly in subsequent years, as can be seen from the upper and lower scenario tables below (and in Appendix 1).

This programme's upper scenario for the total financial impact of charging reforms on Cambridgeshire County Council for older adults only:

Cambridgeshire Upper Scenario	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	Cumulative Total (Discounted to 2020 at 3.5% per year)
Older Adults (65+) Means Test & Cap	£4.9m	£15.3m	£26.9m	£40.3m	£49.1m	£51.4m	£53.1m	£54.7m	£56.4m	£264.6m
Operational Spend	£3.2m	£3.3m	£3.4m	£3.5m	£3.6m	£3.7m	£3.8m	£3.9m	£4.0m	£25.0m
FCC Spend (Residential / Nursing only) per LangBuisson analysis*	£14.7m	£15.2m	£15.6m	£16.1m	£16.6m	£17.1m	£17.6m	£18.1m	£18.7m	£116.1m
Total	£22.8m	£33.7m	£45.9m	£59.9m	£69.2m	£72.2m	£74.5m	£76.8m	£79.1m	£405.8m

The programme's lower scenario for the total financial impact of charging reforms on Cambridgeshire County Council for older adults only:

Cambridgeshire Lower Scenario	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	Cumulative Total (Discounted to 2020 at 3.5% per year)
Older Adults (65+) Means Test & Cap	£3.7m	£11.5m	£20.7m	£32.0m	£39.9m	£42.3m	£43.7m	£45.1m	£46.5m	£214.1m
Operational Spend	£3.2m	£3.3m	£3.4m	£3.5m	£3.6m	£3.7m	£3.8m	£3.9m	£4.0m	£25.0m
FCC Spend (Residential / Nursing only) per LangBuisson analysis*	£14.7m	£15.2m	£15.6m	£16.1m	£16.6m	£17.1m	£17.6m	£18.1m	£18.7m	£116.1m
Total	£21.6m	£29.9m	£39.7m	£51.6m	£60.0m	£63.0m	£65.1m	£67.2m	£69.2m	£355.3m

3.6 Extended Means Test and Cap on Care Costs Analysis

- 3.6.1 The impact of this reform element alone will be significant for Council with an estimated cost of £3.7m-£4.9m in 2023/24, rising to £46.5-£56.4m by 2031/32.

- 3.6.2 The below table shows that for Cambridgeshire:

- Proportion of people receiving full local authority support to increase from 23%-54%
- It is forecast that 5% of older people will hit the care cost cap.

Cambridgeshire	Percentage of the Over 65 Care Population in each group						
	System	Assets less than £14,250	Assets £14,250 to £23,250		Assets £23,250 to £100k		Assets over £100k
Financial Impacts	Current System	Fully LA funded for their care (except contributions from income)	Partially LA funded for their care under means test (plus contributions from income)		Entirely Self funded for their care		
		23%	31%	70% LA Funded on average	46%		
	Reform System	Fully LA funded for their care (except contributions from income)		Partially LA funded for their care under means test (plus contributions from income)		Entirely Self funded for their care, unless they reach the cap	
		54%		38%	58% LA Funded on average		5% Have Reached Cap

3.7 Fair Cost of Care

- 3.7.1 In March 2022 Laing Buisson published [analysis](#) suggesting a significant shortfall between the ring-fenced funding for Fair Cost of Care, and the true cost to Council's and Providers of care. They suggest costs between 2 and 4.5 times higher than the government funding allocation of £375 million.
- 3.7.2 For Cambridgeshire, early estimates are that the impact of the Fair Cost of Care will be c. £14.7m in 2023/24.
- 3.7.3 If properly funded, these reforms provide an opportunity to support provider viability, by enabling providers to fully reward and retain their staff. However, without this, and with any further financial pressure placed on providers, there is a risk that capacity will reduce, and the necessary level of care and support will simply not be available in the market.

We have commissioned Laing and Buisson to undertake our local Fair Cost of Care work across Cambridgeshire and Peterborough, which is due to be completed ahead of submitting local market sustainability plans for DHSC by October 2022.

3.8 Operational Costs and Workforce Requirements

- 3.8.1 In terms of additional operational capacity, for Cambridgeshire it is estimated that the reforms will create an additional 1,900 care act assessments and 1,700 financial assessments per annum. To support this additional demand, Cambridgeshire will need to recruit:
- 54 additional social workers
 - 13 additional financial assessors

Care Act Assessments	Estimated Additional Care Act Assessments Per Year	Additional Social Workers Required to Meet Reform Demand*
Cambridgeshire	1,900	54
East of England	14,200	684
England Total	105,500	4,304

Financial Assessments	Estimated Additional Financial Assessments Per Year	Additional Financial Assessment Officers required to meet Reform Demand
Cambridgeshire	1,700	13
East of England	12,700	97
England Total	92,800	705

3.8.2 The cost of the operational and workforce requirements alone would represent an additional cost of c. £3.2m per annum.

3.9 Transformational Capacity

3.9.1 As well as the ongoing costs of the reform changes as already outlined, the actual implementation and embedding of the changes require resource capacity to undertake this. We recognise there is a priority to undertake the immediate transformation implementation and commence full scoping, whilst we develop a full understanding of the ongoing impact and the level of new burdens funding that will be made available from Government to support this.

3.9.10 ASC Reforms is a significant challenge for us in terms of the scale of transformation we are statutorily required to deliver and the timelines to have the changes implemented by October 2023. The one-off transformation cost is c. £3m over a 3-year period to support this.

4. Funding the Reforms

4.1 Alongside the Reforms announcement, the Government also announced £36bn of investment in the health and care system over the next three years to tackle the Covid backlogs, adult social care reform, and to bring the health and social care system together on a long-term sustainable footing, with 9% of this funding due to be spent on adult social care.

4.2 The plan to raise this funding was through the introduction of a 1.25% increase in National Insurance Contributions (NICs) via the Health and Social Care Levy. Over the next 3 years, social care should receive £3.6bn of this funding to implement the social care reforms set out in the White Papers. However, with the Government currently questioning the future of the Health and Social Care Levy, it is not yet clear how the Reforms will be funded if a decision is taken to reverse the Levy.

- 4.3 As outlined previously the early estimated costs to the Council are estimated to be in the region of £22.8m-£21.6m in 2023/24, rising significantly in subsequent years. Whilst new burden funding is expected for some of this, the allocations are not yet known and there is concern that it will not be sufficient to meet the cost of the full financial impact to the Council.
- 4.4 There are 4 anticipated sources of funding for Adult Social Care reform from government:
- Market sustainability and fair cost of care funding;
 - Implementation funding; and
 - Funding to support implementation of the care cap, revised means test limits and extended rights under s18(3) allowing self-funders to request the Council to arrange their care at Council rates.
- 4.5 These first 3 streams are to receive £3.6bn of funding across the country. A further £1.7bn is to be spent on Systems Reform.
- 4.6 *2022/23 Market sustainability and fair cost of care funding*
- 4.6.1 For 2022-23, the Council has been allocated £1.568m to support implementation of the Fair Cost of Care work, with a condition that 75% of the funding be paid directly to providers to support a move towards paying the Fair Cost of Care, in line with the outcomes of our local Fair Cost of Care Review.
- 4.6.2 In addition, the Council has been allocated £100k of implementation funding to support implementation of the social care reforms in 2022/23. It is not yet clear what level of implementation funding will be available and if this will be in this financial year or next at this stage.
- 4.7 *Funding for 2023/24 onwards*
- 4.7.1 Further funding for the fair cost of care will be available in 2023-34 and beyond but DHSC are awaiting the outcomes of the fair cost of care work before proposing how this funding for future years should be allocated.
- 4.7.2 The DHSC recently published a [consultation on the distribution of funding for adult social care reform for 2023 to 2024](#) with closing dates for responses set as the 23rd September 2022. The consultation covers funding in relation to:
- Distributing funding for needs and financial assessments
 - Extension to the means test
 - The cap on care costs
- 4.7.3 Whilst a number of options are being consulted on in terms of the funding formulas to be used, what we know so far in terms of potential funding for the Council in 2023/24 is outlined below, alongside a comparison with the estimated cost implications to the Council.

	Potential Range of Funding – consultation	CCN estimated financial impact to the Council
Funding for extension to the means test – over 65s	£4.3m	£3.7m-£4.9m
Funding for extension to the means test – under 65s	£1.9m-£2.1m	Not included in report
Funding for additional assessments	£2.7m-£2.9m	£3.2m

4.7.4 In relation to the cap on care costs, DHSC are not expecting that many people will reach the cap on care costs in year 1. Because of this they have not yet developed a formula for how funding should be distributed. Instead, they propose to use the same basis as for the means test for under 65s. They then anticipate the need for a further consultation for the distribution of funding in 2024-25.

4.7.5 We are not likely to know our full allocations until the budget in October and/or the Local Government finance settlement in December 2022.

4.7.6 [CCN has recently called on the Government](#) to provide more funding for adult social care, in light of the cost-of-living crisis. New analysis, undertaken by CCN outlines that Councils in England are set to face £3.7bn in additional costs in 2023, compared to 2021 to keep care services as they are presently due to rising inflation, wage increases and demands. Whilst new burdens funding is expected to support the implementation of the reforms as outlined in this report, this funding is not to address existing pressures that social care face around rising costs of delivering care.

5. What happens next

5.1 Integrated Care Systems were established on 1 July 2022, with the formal creation of Integrated Care Boards and the South Integrated partnership, covering Cambridgeshire.

5.2 A social care programme has been established within the Council to oversee deliver of the reforms and to track progress against the timelines. A review of the initial implementation resource requirements has been undertaken highlighting the need for one off resource investment of £3m over a period of 3 years. This investment is in addition to the ongoing costs as a result of the changes which equate to in the region of £21.6-£21.8m in 2023/24. Whilst new burdens funding from Government is expected, we do not yet know the allocation that the Council will receive and how big a gap in funding we may be presented with.

5.3 Completion of fair cost of care exercise with Laing Buisson will produce informed costs for fair cost of care.

5.4 Work to progress the cap on care costs is the next big priority work area, which will also incur both workforce resource and care package costs.

- 5.5 Appendix 1 - Figure 1 – early estimate of cost of cap on care and fair cost of care for Cambridgeshire

6. Alignment with corporate priorities

The impact of these reforms will have significant implications for Adult Social Care and the services we deliver to ensure good quality and outcomes for the corporate priority of health and care.

7. Significant Implications

7.1 Resource Implications

The reforms will have significant operational implications, requiring additional capacity to deliver and embed changes. The full extent of the resource impact is still being fully understood and any requests for investment or proposed financial budget changes will be reported to future committees as required.

7.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications set out in this report.

7.3 Statutory, Legal and Risk Implications

The Council will have a statutory duty to comply with the legislative reform changes.

7.4 Equality and Diversity Implications

There are no significant implications set out in this report. The impact of the reforms aim to increase accessibility of social care.

7.5 Engagement and Communications Implications

Detailed engagement and communication plans are being developed as part of the adult social care reform programme of work to ensure that we have robust communications and engagement to inform the implementation of the changes.

7.6 Localism and Local Member Involvement

As implementation of the reforms develop, we will have more detailed conversations with Members about the impact of the proposals on their localities.

7.7 Public Health Implications

There are no significant implications set out in this report.

7.8 Environment and Climate Change Implications on Priority Areas

There are no significant implications set out in this report.

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: Clare Ellis

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law? Yes or No
Name of Legal Officer: Fiona McMillan

Have the equality and diversity implications been cleared by your Service Contact? Yes
Name of Officer: Debbie McQuade

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: Debbie McQuade

Have any Public Health implications been cleared by Public Health? Yes
Name of Officer: Kate Parker

If a Key decision, have any Environment and Climate Change implications been cleared by the Climate Change Officer?
N/A – Not a key decision

8. Source documents guidance

8.1 Source documents

1. Health and Social Care Integration: joining up care for people, places and populations
2. Build Back Better: Our Plan for Health and Social Care
3. People at the Heart of Care: adult social care reform white paper
4. Impact Assessment of the Implementation of Section 18(3) of the Care Act 2014 and Fair Cost of Care
5. Operational Guidance for the introduction of its Fair Cost of Care (FCC) policy
6. Preparing for Reform
7. Adult Social Care Charging Reform: distribution of funding 2023 to 2024
8. County Councils Network: Councils call on Prime Minister to deliver on her promise to provide more funding for social care

8.2 Location

1. <https://www.gov.uk/government/publications/health-and-social-care-integration-joining-up-care-for-people-places-and-populations>
2. <https://www.gov.uk/government/publications/build-back-better-our-plan-for-health-and-social-care>
3. <https://www.gov.uk/government/publications/people-at-the-heart-of-care-adult-social-care-reform-white-paper>
4. <https://www.countycouncilsnetwork.org.uk/new-analysis-warns-government-has-seriously-underestimated-the-costs-of-adult-social-care-charging-reforms/>
5. <https://www.gov.uk/government/publications/market-sustainability-and-fair-cost-of-care-fund-2022-to-2023-guidance>
6. <https://www.countycouncilsnetwork.org.uk/new-analysis-reveals-the-regional-impact-on-local-councils-of-the-governments-flagship-adult-care-reforms/>
7. <https://www.gov.uk/government/consultations/adult-social-care-charging-reform-distribution-of-funding-2023-to-2024>
8. <https://www.countycouncilsnetwork.org.uk/councils-call-on-prime-minister-to-deliver-on-her-promise-to-provide-more-funding-for-social-care/>

APPENDIX 1

Figure 1 – early estimate of cost of cap on care and fair cost of care for Cambridgeshire

This programme's upper scenario for the total financial impact of charging reforms on Cambridgeshire County Council for older adults only:

Cambridgeshire Upper Scenario	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	Cumulative Total (Discounted to 2020 at 3.5% per year)
Older Adults (65+) Means Test & Cap	£4.9m	£15.3m	£26.9m	£40.3m	£49.1m	£51.4m	£53.1m	£54.7m	£56.4m	£264.6m
Operational Spend	£3.2m	£3.3m	£3.4m	£3.5m	£3.6m	£3.7m	£3.8m	£3.9m	£4.0m	£25.0m
FCC Spend (Residential / Nursing only) per LangBuisson analysis*	£14.7m	£15.2m	£15.6m	£16.1m	£16.6m	£17.1m	£17.6m	£18.1m	£18.7m	£116.1m
Total	£22.8m	£33.7m	£45.9m	£59.9m	£69.2m	£72.2m	£74.5m	£76.8m	£79.1m	£405.8m

The programme's lower scenario for the total financial impact of charging reforms on Cambridgeshire County Council for older adults only:

Cambridgeshire Lower Scenario	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	Cumulative Total (Discounted to 2020 at 3.5% per year)
Older Adults (65+) Means Test & Cap	£3.7m	£11.5m	£20.7m	£32.0m	£39.9m	£42.3m	£43.7m	£45.1m	£46.5m	£214.1m
Operational Spend	£3.2m	£3.3m	£3.4m	£3.5m	£3.6m	£3.7m	£3.8m	£3.9m	£4.0m	£25.0m
FCC Spend (Residential / Nursing only) per LangBuisson analysis*	£14.7m	£15.2m	£15.6m	£16.1m	£16.6m	£17.1m	£17.6m	£18.1m	£18.7m	£116.1m
Total	£21.6m	£29.9m	£39.7m	£51.6m	£60.0m	£63.0m	£65.1m	£67.2m	£69.2m	£355.3m