



Report to the Health and Adult Social Care Select Committee

Title: **The Care and Support Market Place**

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The purpose of this paper is to:-

1. Understand the relationship between the Council and the care and support market place.
2. Understand the profile of the care and support market in Buckinghamshire.
3. Understand the opportunities and risks in the care and support market in Buckinghamshire.
4. Understanding how these issues are being addressed.
5. To receive comments from HASC members

1. Understanding the relationship between the Council and the care and support market place.

The NHS and Community Care Act 1990 recommended the development of a range of private and not for profit providers to deliver social care services. This had been previously delivered by Local Authorities directly. Local Authorities moved from being direct providers of care to increasingly purchasers only of care. This polarisation has become more acute since the recession resulting now in the creation of a diverse care and support market place.

During the last twenty five years Local Authorities have transferred their directly provided services through a combination of one or all of the following: competitive tenders, the creation of alternative delivery vehicles and finally partnership agreements with the NHS, usually in the form of S.75 of the National

Health Services Act 2006, enabling Councils to delegate their statutory responsibilities.

The intention behind the Act was to create a quasi- market in care and support and therefore affording individuals more choice in how their assessed needs could be met. As a result of the Act the role of 'Care Manager' was created which required Social Workers to follow a process of assessing need; deciding how this need should be met (care planning) and then buying the care and support from a range of providers (supporting planning) in the quasi market place and then ensuring through a reviewing process that people's needs continued to be met.

On a macro level this required Councils to more proactively create care and support market places for 'Care Managers' to be able to secure services from. Over time this has resulted in the creation of much stronger commissioning functions which have responsibility for delivering a process that enables Councils to specify, secure and monitor the development and delivery of services to meet people's needs and outcomes at a strategic whole population level.

This applies to all services whether they are provided by the Local Authority, NHS, and other public agencies or by the third sector. Historically, commissioning activity has tended to focus on ensuring that the function is achieved within a specified Council budget. Increasingly however this function is about the wider shaping of other resources to ensure needs and outcomes can be met. The viability of social care going forward is dependent on how effectively Local Authorities are able to undertake this wider market shaping role.

Since the NHS Community Care Act 1990, the Care Act 2015 has built on the responsibilities the Council has in respect of the care and support market place. It is now required to do the following:-

- Promote choice, quality, sustainability and information on the care provider market.
- Assist adults and carers who wish to enter work, education or training.
- Ensure the availability of social capital to deliver required services, and identify those with support needs.

Perhaps one of the most significant new responsibilities is the 'Provider of Last Resort'. This means that Councils have responsibility for the viability of the whole of the social care market place. Councils are now required to deliver timely temporary care where a provider has failed and to interact with Care Quality Commission (the regulator) to assess a provider's financial sustainability to understand the likelihood of potential provider failure. Critically this responsibility does not just relate to areas of the care and support that the Council directly purchases but also to those areas that it has no contractual relationship with. This new responsibility and its operational impact have been discussed at a previous HASC and therefore it is not proposed that it receives detailed attention in this paper.

On a micro level (individual service user) the Care Act 2015 has set out how needs should be assessed and what care and support should be provided. Until the Care Act this was a role that could only be fulfilled by Local Authorities or its NHS partners (via formal delegated authority). However, since then new models of Social Work are starting to emerge as there is now greater flexibility in this area. It would be of no surprise if we start to see the evolution of new types of Social Work market place.

In law the availability of resources cannot be used as a reason for the Council to not fulfil its legal responsibilities and therefore it is vital that the care and support market place is commissioned in such a way that optimises value for money. Increasingly, this is achieved through the delivery of the following:-

- Reducing or delaying the need for high cost services through prevention and demand management.
- Ensuring that the right organisation is paying for the care and support. There are lots of rules in this area that defines which commissioner pays. E.g. NHS, District Council other LAs.
- Reducing duplication across the public sector in Buckinghamshire by better integrated strategic planning.
- Improved productivity and efficiency.
- Income generating as a way of offsetting purchasing budgets.

At a micro level the Social Worker provides the interface between the individual, the Council and the market place it purchases from. In some cases, however, it is not the Council that is purchasing from the market; it is the individual themselves. The inception of Direct Payments has meant that the Council is now legally required to give people money instead of directly purchasing services on their behalf as a way of offering more choice.

The assessment process is very powerful; each individual assessment and care plan is a legal document that sets out the Council's obligation to meet need and the resources it should make available to do so. This is a role which in some areas is making placement commitments with whole lifetime costs of circa £3m per person.

2. Understanding the profile of the care and support market place in Buckinghamshire

This section provides a high level overview of the care and support market place in Buckinghamshire. Below are a number of headline messages:-

Appendix 1. Sets out where Adult Social Care is planning to spend its money in 2016.17 as a % of the overall gross and net budget split by both types of activity and client group. It is important to note that there is a sizeable client income contribution to the overall gross budget as social care services are 'means tested'.

Because of means testing some individuals would be required to pay the full cost of their services. Many individuals in these circumstances do not choose to come to the Local Authority but purchase services directly from the market place themselves. This applies much more to older people than younger adults who may have had a disability from birth and therefore have not been in a position to ever build up their financial means to be affected by the charging regime. This is a very important dynamic in the market place especially for the provision of older people services and considered in section 3 of this paper.

You will note that by far and away our largest areas of expenditure is spent on Residential, Nursing and Supported Living Services markets i.e. where people live. This represents 59% of the spend against the social care budget.

Importantly, the table below shows that we spend 89% of the Adult Social Care budget outside of the Council on a range of third party providers, alternative delivery vehicles and partnerships with the NHS. Adult Social Care has a range of different types of contractual relationships with the care and support supply chain.

In Buckinghamshire there are no directly provided Adult Social Care Services. The Council has had no in-house residential and nursing provision for circa 20 years, and the last remaining in-house domiciliary care and day services ceased to be provided directly by the Council in 2014.15 with the creation of Buckinghamshire Care and externalisation of the remaining home care workforce. Our remaining in-house expenditure is on the Social Work, Occupational Therapy and Commissioning Workforce all of which are essential for the Council to manage the care and support market place.

Given the balance of our expenditure it will come as no surprise that the Medium Term Plan (MTP) savings are largely attached to the external market place. At a time when the care and support market place is one of the main ways in which the Council delivers its MTP savings, it is critical that it understands the conditions which affect market sustainability. Getting this wrong impacts on the

Council's ability to meet its statutory duty to some of the most vulnerable individuals in Buckinghamshire, either because of market failure or because there is not a healthy level of EBITDAR to enable the market place to grow to respond to future demographic trends which, of course, in turn impacts on the fees that the Council pays.

This is finely balanced and requires us to understand the health of the care and support market place and to understand tipping points around viability, all of which are incredibly complex and of course, given the structures of the market, often involve factors which are outside of the Council direct control. For example, a national provider who is delivering a number of care homes in Bucks viability may be impacted by the divergence of fees paid by different regions of the country or a provider's ability to get the right balance between self - funders verses Local Authority funded care.

3. Understanding the opportunities and risks in the care and support market in Buckinghamshire

The Care and Support market place is very large and complex. This section will focus on one area of the market place which is deemed by ASC to be one of the highest risk areas for the Council. This does not mean that there are no other risks, but Adult Social Care took the view that these had been explored in the previous domiciliary care review undertaken by HASC. So why focus on the Older People Care Home market place?

1. The nature of the provision is about people's homes and how they live, including fulfilling some of the most intimate personal tasks. This carries a different weighting in terms of criticality and risk than how people, for example, pursue meaningful leisure activities.
2. It is the area that impacts on affordability in older age if we do not have the right availability of tenure options to support people.
3. It is the area where the Council currently commits the largest expenditure.
4. It has the ability to impact significantly on partners if there is not sufficient supply i.e. bed blocking in hospitals and Delayed Transfers of Care.
5. It has some of the most complex factors which impact on its sustainability.
6. It is the area of the market place that we are going to require to grow significantly in order to meet need.
7. It is the area where we will need the full support of our partners to achieve the growth that is required.

Older People Residential and Nursing Market Place

In 2015.16 Buckinghamshire County Council, in partnership with the County Council Network, commissioned a study across a consortium of twelve Councils to undertake a detailed evaluation of the care home market place and to understand the market implications of what was then phase two of the Care Act. Laing and Buisson were commissioned to undertake this work. It resulted in a standalone report that has informed the policy direction of the Care Act nationally called 'County Care Markets: Market Sustainability and the Care Act' across the 12 County Councils. It also resulted in an individual assessment for each Council. A summary of the key findings generally and for Buckinghamshire specifically are set out below. They have wider implications for this area of the market place and have informed and will shape our commissioning approach going forwards.

- The sustainability of this care market depends on the profitability achieved from the overall mix of self-funders, Local Authority funded and NHS funded residents. The pressures on social care and health budgets over the last few years have led to a widening gap between Council fees and provider costs and this has led to an adverse impact on profitability and therefore has challenged the sustainability of the market in some areas.
- Within these areas there is significant difference between the sustainability of markets in less and in more affluent Council areas, with many care homes in less affluent areas now in dire financial straits and more homes now closing than entering the market place. See Appendix 2.
- There is clear evidence across the country that the self-funding Older Person pays much higher fees for places in residential and nursing care homes than the County Councils do for equivalent support.
- Councils have been able to secure discounted rates from the market at least in part through the extra profit generated by providers from self-funders paying higher fees.
- In areas of more vulnerability they are characterised by Council fees being lower and cross subsidies required being larger. There are also insufficient numbers of self-funders to make up the shortfall in council fees, relative to the care cost benchmark. Frequently these Counties tend to have a less affluent population; but not necessarily so.
- Provider profitability in these high risks areas is therefore typically very low and care homes have to reduce costs in order to survive. Increasingly however, these lower costs are considered unsustainable, particularly with significant shortages of nurses and care workers, necessitating paying higher wages to recruit and retain sufficient staff to provide a good service and meet increasing demand. Returns in less affluent areas are unattractive and less

finance is available to build new home capacity, so scarcity in sufficient new places is emerging.

- However, in areas like Buckinghamshire with higher proportions of self-funders, average profitability is higher and shortages are not so prevalent, although of course this doesn't mean that there is no vulnerability in the market place.
- There is however, in Buckinghamshire, a new phenomenon emerging. This is impacting on the focus of the market place and is referred to as 'market polarisation'. Whilst Buckinghamshire is attractive to developers, they are targeting the private pay market place of self –funders, resulting in the County Council finding it increasingly more difficult to place people they fund at the fee rates they can afford. This has certainly been a major factor in driving up our fees as we compete with self- funders and the NHS and is likely to accelerate unless it is managed differently.

4. Understanding how these issues are being addressed

Set out below are a number of actions that are being taken to manage the challenges in the Care Home market place set out in section 3.

Generation of supply

Some of the response is to ensure we have sufficient supply and the right type to respond to future need. Set out below are a number of key pieces of work underway to address this:-

1. Following a discrete piece of work with the Housing Local Improvement Network (LIN), a national knowledge hub which specialises in older people housing, there is now a detailed draft blueprint for the future requirements of all types of Housing for Older Citizens of Buckinghamshire up to 2035. This will feed into the Buckinghamshire HEDNA and will inform the District Council planning framework to ensure we are taking a longer term view of strategic planning and shaping the market place. It will be critical going forwards that there is a detailed implementation plan in place and we are able to track progress.

The plan sets out, over a five year period up to 2035, what will be required in order to ensure supply keeps up with demand. Set out below are the estimates of tenure and models of housing that will be required by 2035.

- Housing with care (rented) – additional 692 units
- Housing with care (leasehold) – additional 1711 units
- Leasehold retirement housing – additional 3091 units

- Sheltered housing for rent – a reduction in units against current supply
 - Nursing care – additional 1833 units
2. There is a pipeline of developments already underway to support us to achieve this. One of the major opportunities planned for 2018 is the new Extra Care facility provided by Extra Care Charitable Trust in High Wycombe which will result in 250 plus units being developed. This is subject to a consultation with residents currently.
 3. A review of the 'Choice Policy' is underway which will be subject to consultation on how we can, in the short term, purchase capacity outside of the county boundary.
 4. Reviewing the mix of provision of our block funded contracts to ensure that they meet our requirements going forwards.

Assurance and oversight

5. A market oversight framework has been developed which sets out a tiered approach and is fully operational. This sets out how we manage the market place and ultimately what happens if a provider fails in Buckinghamshire.
6. Work is underway to develop a standard suite of market intelligence reporting to understand the health of the market place and will include a focus on the following:-
 - Demand and supply over time (places needed and availability)
 - Changes to fee rates and care costs benchmarked over time
 - EBITDARM % over time for each type of care home (for profit, large and small homes)
 - Openings and closures in numbers of homes and places
 - Tipping point metrics for provider failure – i.e. how do we know?

5. Questions from HASC?

Appendix 1.

Sum of Total Plan for Year		Column Labels ▾			
Row Labels		Gross	Income	Net	%
Residential		50,945,596	-10,076,565	40,869,031	32%
Nursing		21,109,438	- 6,508,776	14,600,662	12%
Dom Care		13,712,255	- 4,975,054	8,737,201	7%
Extra Care Housing		584,946		584,946	0%
Direct Payments		12,257,348	- 511,312	11,746,036	9%
Day Services		5,108,481	- 250,000	4,858,481	4%
Reablement		2,325,347		2,325,347	2%
Supported Living		19,370,810	- 869,123	18,501,687	15%
Other (SW,OT, CSI) (meals, carers, advocacy)		34,508,171	-10,656,302	23,851,869	19%
Net		159,922,392	-33,847,132	126,075,260	100%

Sum of Total Plan for Year		Column Labels ▾			
Row Labels		Gross	Income	Net	%
External Spend		136,956,446	-25,797,670	111,158,776	
Older People		65,445,625	-17,555,541	47,890,084	38%
Learning Disability		45,635,689	- 4,478,660	41,157,029	33%
Adult Mental Health Needs		7,055,318	- 1,356,608	5,698,710	5%
Physical & Sensory Disabilities		10,978,967	- 1,043,021	9,935,946	8%
Other (meals, carers and advocacy)		7,840,847	- 1,363,840	6,477,007	5%
Internal Spend		22,965,946	- 8,049,462	14,916,484	
Assessment & Care Management		11,885,592	- 295,000	11,590,592	9%
Commissioning & Service Improvement		11,080,354	- 7,754,462	3,325,892	3%
Net		159,922,392	-33,847,132	126,075,260	25%

ASC client numbers linked to categories as a 'snap shot' in time at the 31st March 2016.

Category of Care and Support market	No of clients 31/03/16
Residential	912
Nursing	651
Dom Care	1300
Extra Care Housing	72
Direct Payments	1355
Supported Living	443
Day Services	509
Reablement	143
Supporting People	
Other	5717
Total	

	No of clients as at 31/03/16
Older People	3249
Learning Disabilities	1136
Adult Mental Health Needs	424
Physical & Sensory Disabilities	455
Other	

Appendix 2. New registrations and closures of Care homes for older and physically disabled people.

New registrations and closures – care homes for older & physically disabled people

