Adult Social Care Scrutiny Commission Report

Response to the Adult Social Care Scrutiny Commission Task Group – Understanding the increasing cost of care packages within Adult Social Care budgetary pressures

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1. Purpose

1.1 In 2021/22 the Adult Social Care Scrutiny Committee formed a taskforce to seek to understand the increasing cost of care packages within Adult Social Care budgetary pressures.

1.2 The final report and recommendations were presented to the Executive in March 2023, attached as appendix 1. This report provides a response to the recommendations set out by the Taskforce.

2. Summary

2.1 In January 2021, members of the Adult Social Care Scrutiny Commission raised their concerns over the increase in care package costs of £12.5 million in a single year. A task group was formed in June 2021 to conduct a review into ‘Cost of Care and impacts on budgets.’ The task group explored what drives increasing cost of care services; the impacts on budget pressures, and ways of managing the impact on people drawing on care.

2.2 The Task review group concluded its review and presented its final report with recommendations in March 2023. The final report is detailed at Appendix 1.

2.3 Adult Social Care faces both increasing financial challenge alongside increasing demand. We welcome the report completed by the Adult Social Care Task Group members and the opportunity to comment on the recommendations that set out potential solutions to these critical issues. This report provides a response to the recommendations made by the Task Group, and includes further opportunities that have since been identified through the Departments work on the Reforms, and notably our Fair Cost of Care and Market Sustainability Plan.

3. Recommendations

3.1 The Executive is recommended to:

a) Note the content of this report and provide comment/feedback.

4. Report

4.1 Further to the detailed work of the Task Review Group to understand the increasing cost of care packages and the impact on Adult Social Care budgets a final report with recommendations was presented to The Executive in March 2023. The report made several recommendations. The following is a response to these.

1. *Although members noted that the £1.9 million reduction in expenditure in the budget was not as a result for taking away services but ensuring that we are not providing people with care services that they did not require, they were concerned that people could lose services they valued as a result.*

Recommendation: Task group members also raised concerns that the £1.9 million savings quoted by officers would only be possible if the council adequately resourced carrying out reviews – i.e.: spending money on staff time for carrying out these reviews was in place immediately, otherwise the council inevitably will be in the same situation next year (the task group were aware that over 40% were overdue and had not been reviewed in the last 12 months). If the local authority does not prioritise getting on top of the reviewing process, the situation will only worsen and any potential for savings will be lost.

According to the results of the ADASS Spring survey, 2022, nationally there are an estimated 540,000 people waiting for assessments, care, direct payments, or adult social care reviews – an increase of 37% since November 2021: with the number of people waiting more than 12 months for a Care Act review being up 3%. The number of people in Leicester who have not been had their package of care reviewed for at least 24 months since their last review has increased markedly to a level in March of 1,320, which is the highest figure on record. The number of overdue (24 month+) reviews has increased by over 40% in the last 12 months alone and over 50% since April 2020, when the number was 352. This means that this February just short of one in four people drawing on our support have not had that support reviewed for at least twice as long as stipulated in the Care Act. The position has been compounded by staff vacancies and recovery from the pandemic.

The Department has embarked on several actions to address the backlog. This is a hybrid approach bring together increased staffing resource to address the backlog, as well as the commencement of work with the external market in the form of a trusted assessor's pilot to further expedite reviews. Preparation for Social Care Reforms, and a move to digital first provides opportunity to manage this further.

Through additional non-recurrent NHS resources, staff capacity will be increased by 12 FTE posts to support with pressures in completing reviews. This is of equal benefit to the NHS in releasing domiciliary care capacity that is then available to support discharges from hospital. Staff are now mainly in post, although recruitment has been a challenge.

To further address the backlog, and in recognition that despite increased resources there is limited internal capacity to address this in its entirety, a pilot approach using externally contracted providers commenced October 2022. The pilot worked with a selected small number of domiciliary care providers to review and reduce packages of care for people they support; enabling people to exercise more choice and control over their package of care, working with people who know them well as well as building capacity for providers to take on more packages of care. The advantage of this approach is changes can be made without the need to confirm them with staff in social work teams. This will enable quicker identification of packages for reduction, delivering an efficient approach to reviews, and potentially enabling reductions in total package costs. Several safeguards are built into the pilot process to ensure packages are not inappropriately reduced, and the delivery is monitored by the Contracts and Assurance Team. The pilot is now extended to Care Homes. Learning from the pilots will support recommendations for future arrangements.

As we prepare for Reform, despite the recent delay to the introduction of the Cap on Care, The Department has set out a Programme of work required to ensure our readiness. This includes a digital approach to working with people. The Department is re-launching its online customer portal which will provide an opportunity for self-assessment, as such release the staffing burden and support capacity for reviews.

The Departments priorities for the year (23/24) include ensuring these actions and other opportunities are brought together in a robust plan to continue to address and reduce the backlog.

2. *Members noted that the additional cost of care packages in 2023/24 would further increase by an alarming £42 million. The task group review considered the cost of domiciliary care and it was asserted that this appeared to show that these were paying for private profits. However, the task group felt unable to see a sufficient amount of finances or accounts from any of these multiple care providers, in spite of numerous requests. The task group was assured that officers did check the financial viability of companies as part of the due diligence process but (because of reasons of confidentiality) was unable to find adequate reassurance that care companies were not making undue levels of profits for the care they delivered.* ***Recommendation: to better understand care providers financial structures and management for transparency, scrutiny and assurance.***

Of the 94 registered Care Homes in the city, just 12 are part of organisations that are of a size that meet the criteria for inclusion in the CQC's national financial oversight regime - 6 are registered to provide care for Older People and 6 have a primary registration to provide services for people aged 18 – 65 with either needs in relation to learning disabilities or mental health. In addition, the makeup of the domiciliary care market is dominated by a significant number of small to medium size providers whereby under Companies House requirements they are not required to submit full accounts – in that there is no trading Profit & Loss account to allow us to review their detailed operating costs. However, the limited financial information that is filed does give an indication of financial viability based on net worth and an indication of the entity's assets and liabilities. In addition, under the terms of our contract we have powers to request a level of financial information to satisfy ourselves that the entity remains viable.

As noted by the review our procurement process entails financial due diligence. A pricing envelope is set that is issued with tender opportunities and is based on the underlying components of an hourly rate for the provision of care. This covers employee wages, other employment on-costs, administrative overheads, and an element of profit in the form of a return on operations.

The financial ceiling for such a pricing envelope is set and controlled by the Council and tendered bids for work cannot exceed this fee threshold. In subsequent years following contract award, any annual price increase to be applied to fee rates for inflation is again set and controlled by the authority in line with known cost pressures and within cash limits set for the ASC department.

Under the Care Act reforms, all local authorities have been required to conduct a ‘Fair Cost of care’ exercise for older persons residential and nursing homes, and domiciliary care for over 18s. This work was required to determine sustainable fee rates as part of the government’s ‘Market Sustainability and Fair Cost of Care Fund’, to understand the real cost of care, and to be able to access Govt Market Sustainability funds. As such, the provider market has been extensively surveyed by an external specialist organization, Care Analytics to gather the necessary detailed analysis of costs of delivering care in our local market. This has produced a median cost of care for these markets (table 1).

Of note, the median costs against each of the markets is higher than the current commissioned fee rates – such that to meet the median would increase costs by £6.8m, rising to £9.4m when considering the wider supported living and Working age adults Care home markets. Both costs exceed the allocation that the Local Authority will receive through the Market sustainability fund in 23/24 (£3.685m); the information has supported the setting of fee rates for 23/24 and will support setting of fees for the forthcoming procurement of the domiciliary care framework. We will also have extensive benchmarking information available on the costs of these services across the wider East Midlands region.

Table 1: Cost of Care Median Rates, compared to current actual rates

	Median FCoC* per bed/week	Current LCC per bed/week	% Diff
65+ Residential	£691	£594	16.3%
65+ Residential enhanced	£736	£671	9.7%
65+ Nursing	£754	£634	19.0%
65+ Nursing enhanced	£802	£682	17.6%
Homecare 18+	£18.62	£17.87	4.19%

* For residential - adjusted for ROCE

N.B Data captured at time of writing reflects fee rates 22/23

In summary, whilst due to the makeup of the market our ability to use external financial oversight is limited, there are controls built into the procurement process to prevent providers building in huge profit margins that would increase package costs. The Fair Cost of Care Exercise has indicated that our current fee levels are not such that there are huge profit margins for providers, given that the actual costs of care (the median rate) have come out higher than our current costs. We will use this exercise to inform future fee setting, but the pace at which we adopt the rates will be determined by the settlement from Govt. We continue to require through our contractual arrangements with providers, sharing of financial information when requested.

3. *As Leicester City has no provision in house (except for £1m of reablement service), we have to rely too heavily on 'the market', which exists to make profit. It was noted that it was perfectly legal for LAs to provide services in-house, with Derbyshire having a substantial in-house service. Members were interested in which parts of the service area could be delivered in house and have requested a report on this at scrutiny meetings.* ***Recommendation: that a holistic review of what services are delivered in house by other LAs is undertaken, with a view to reconsidering what LCC can do to bring more of this provision back into council ownership. This would allow us more control of pricing, quality, continuity and terms / conditions that carers are offered at work*****.**

The commissioning team has undertaken an initial scoping exercise with the other authorities in the region about the extent and scope of their in-house services (table 2) and has made direct contact with Derbyshire to learn from their own provision. In our own experience of considering in-house as an option, because the terms and conditions of the Council are generally more favorable than the independent sector, this results in higher hourly costs for us to deliver the service ourselves. For example, in 201/22 the hourly rate for Domiciliary Care in the external market was £17.87, compared to £35.72 for in our in-house reablement service. Despite this the commission should be reassured that whenever we are commissioning services we do consider in-house as an option and a through appraisal of the benefits and risks would be considered. For instance, the domiciliary care contracts are under review currently, with new arrangements to be secured in 2024, and options to be identified; this will include an in-house option for review and consideration.

Table 2: In house provision in East Midlands

Services provided in-house	Reablement/Crisis response	Home Care	Shared Lives	Care Homes	Day care	Supported Living	Short breaks/respite
Rutland	✓					✓ 2 supported living bungalo	

						ws (12 beds) for 18+-- end of life	
North Northants	✓		✓		✓		✓
West Northants			✓	✓ OP res & nursing	✓ WAA	✓	
Nottinghamshire	✓				✓		✓
Leicestershire	✓		✓			✓ LD	✓ LD
Leicester	✓		✓		✓ (1 unit LD/A)		
Nottingham City	✓		✓	✓	✓		✓ physical needs and learning disability
Derbyshire	✓	✓ in Extra Care only	✓	✓ OP&LD	✓ OP&LD		✓ LD
Derby City	✓		✓				
Lincolnshire					✓ small amount LD		

4. The government recently announced (September 2021) that there will be a new lifetime cap on care costs of £86k and an increase to the upper capital limit (from £23,250 to £100k). This will mean that Local Authorities will have to fund a greater share of care costs currently paid for by individuals. In addition, the council and supply chain (including providers) will have to pay additional employer National Insurance Contributions of 1.25% from April 2022. Whilst a reduction in the financial burden on individuals, the

government has not yet announced any additional funding to tackle existing and growing funding gaps in Adult Social Care. **RECOMMENDATION: The council to write to the government to highlight the rising and unsustainable costs of Adult Social Care. Whilst recognising the government has provided pandemic related support, the support is nowhere near sufficient to meet the ongoing costs and underlying pressures faced by Adult Social Care. The Council needs immediate on-going funding to meet these challenges and to continue to support the most vulnerable in society**

Under the care act reforms, local authorities are required to review the fee rates paid to their domiciliary care market (and 65+ residential care market) for commissioned care with a view to setting sustainable fee rates. The particular DHSC reform agenda is called the 'Market Sustainability and Fair Cost of Care Fund'. Under this fund government have committed to providing a further £1.4bln nationally over the 3-year period 2022/23 to 2045/25. Leicester City received £1m of additional funding in the current year (2022/23) from the £162m made available nationally on the existing adult social care relative needs formula; for 23/24 we will receive £3.685m which will be used to support fee rates. As already noted, the median rates set out in table 1 increase the current costs by £6.8m, rising to £9.4m when considering the wider supported living and Working age adults Care home markets, hence the allocation is not sufficient to address this gap,

Government has now paused the lifetime cap on care costs and have redacted the legislation supporting the 1.25% levy under national insurance to fund the Health and Social Care reforms. We await any further announcements on what that might mean for the reform agenda.

5. On top of this, we all also know that care often feels simply not good enough. People value support from the same people who they know and trust. People value receiving care at times that work for them around their other routines. People value carers taking time to engage with them as they look after them. Carers do not have enough time, and we do not have enough carers. We know that those working within our care sector are woefully underpaid, undervalued and often disrespected. A previous scrutiny review that I chaired before the pandemic highlighted that in the next few years, we will need to recruit 1.5 times the existing workforce in order to sustain the current system of care. We face a perfect storm of more people needing more care, people leaving the workforce and poor rates of recruitment and retention. **RECOMMENDATION: Heed is paid to the previous scrutiny review undertaken in this area 'Looking to the Future: the workforce in adult social care', and the recommendations therein.**

The Department is progressing the development of a workforce strategy that will outline proposed actions to address the issues raised here. This will be shared with the Scrutiny commission.

6. The commission saw evidence that some providers were pricing low to start with for certain package of care that would then increase significantly year on year**. RECOMMENDATION: That officers review this thoroughly across the board to ensure that they are not beholden to care providers inflating costs unnecessarily.**

All pricing of commissioned packages of care are controlled through the initial price envelopes which are set by the Council at the tender stage of the procurement process. A provider price would firstly have to meet the required price controls of the procurement and any subsequent price increase is also controlled by the Council through the annual inflationary review of price conducted as part of the ASC departmental budget exercise.

Reviews of packages or placements are completed by social work staff, on a planned basis or in response to a reported change in circumstances. Increases in cost are linked to evidence of increases in need. This is either via the commissioning of additional care hours (at the contracted rate) or agreement to make additional needs payments where people are in residential / nursing placements, to provide staff time about that which would reasonably be expected from the Council's banded rate. Discussions with other councils, about their approach to reviews requested for increasing need, have identified the potential for an increased role in reviews from the internal provider service (reablement) and therapy staff. A 'proof of concept' will be developed to test the impact of this locally, although noting the difficulties recruiting to OT posts.

Despite the above our analysis for the Fair cost of care has identified significant growth in care packages for domiciliary care: in 2021/22 139,734 hours of care were delivered by contracted providers, an increase of more than 70% since 2018. In addition, we are aware of several high-cost packages for individuals.

With regards to the growth in care packages, as part of our market sustainability work we are doing further interrogation of the data, and embarking on a series of investigations to understand what is contributing to this growth and how we can manage the upward trend. With regards to the high-cost placements, a pilot team is about to commence with a remit to target providers – most notably residential, where high-cost packages are in place, and determine the necessity and value for money of such placements.

In addition, through the Fair Cost of Care analysis we have identified that our funding contributions from health through funded nursing care, and continuing health care, are the lowest in the country which does not reflect the health profile of the city. This is an area of investigation, which will not reduce package costs, but could see the funding split change in favour to the Council.

7. Technological innovation has the potential both to improve care in domiciliary settings (for example tech could reduce double-handed carers to one in some cases) and in residential care settings. Members were impressed with a recent presentation at Adult Social Care Scrutiny Commission meeting, which showcased carer aids and gadgets, equipment and new technology. **RECOMMENDATION: Members agreed that the council should continue the good work and to further explore the use of technology enabled care, as this may help to contain the costs of care.**

The Department has in place an All-Age Care Technology Strategy. The priorities of the strategy are to raise awareness to ensure staff are well appraised of the options available in supporting people; and to make it easier for people (staff, people who draw on support, and carers) to know what TEC is available and how to access it.

There are currently 3 main workstreams being delivered supporting implementation of the strategy:

1. A Co-Bot pilot (robots that can support care staff to deliver tasks with potential to reduce the need for double up calls enabling one person to safely do the work)
2. Research and Forward Planning - Focused on identifying opportunities to pilot different technology.
3. Action and Change – Focused on improvements to the service and culture change to encourage staff to embrace TEC

Recent ASC support sequence training delivered to all staff as part of the strength-based working embedded the use of TEC, and the importance for staff to consider TEC to support independence before exploring traditional packages of care. TEC costs are often one-off and provide items that mean people can retain elements (or full) independence without ongoing costs. The TEC Oversight Group have not yet begun any work with Carers or with those persons with SEND (Special Educational Needs and Disabilities), working initially on upskilling staff in ASC, focusing on enhancing understanding and awareness of TEC and upskilling ASC teams, whilst delivering the Co-Bot pilot. The work that has been delivered should, if successful, improve people's quality of life through enhancing independence and making cost savings to the council through reducing ongoing costs and reducing double handed calls.

The TEC Oversight Group have:

1. Led on the piloting of the Co-Bots in Reablement and ICRS Services (use of Co-bots can reduce or prevent need for 2 x carer support "reduce double ups").
2. Developed an in-house app library, encouraging Social Care Teams to be aware of apps and online service that can support the wellbeing of people (improved wellbeing, and self-managing health conditions can prevent people reaching crisis and are free to use in most cases)
3. Created training to support Social Care Teams' knowledge of the in-house offer (a culture of providing TEC before traditional packages of care can improve independence and reduce cost)
4. Identified opportunities to pilot different types of technology, based on existing issues/ problems

The TEC Oversight Group aim to continue identifying ways to improve the culture around technology by refreshing guidance and policies for Adult Social Work Teams; whilst exploring what improvements can be made to the delivery of in-house services.

5.0 Summary and Conclusions

5.1 Adult Social Care is pleased to receive the report into the rising costs of care against budgetary pressures, and welcome the recommendations set out.

5.2 We accept that overdue reviews need addressing, the report sets out the plans in place to improve this – without which we will have limited control on the rising costs of care packages as described by the Taskforce

5.3 Whilst we acknowledge that there are limitations in financial oversight due to the makeup of the market, and the associated regulations governing this, the report sets out the measures in place through procurement and care management assessment and reviews to control price.

5.4 That said, ASC do not dispute that rising cost of care is an issue. Further to the Taskforce review the Council has gained greater insight through its fair cost of care work that illustrates the costs pressures, but also provides intelligence for further consideration into growth of packages, and lack of health funding. The Market sustainability plan for home care and residential care sets out plans to further interrogate this information, and build a plan of work to address the findings, managing demand and further cost increases.

5.5 Finally, it is absolutely correct that the role of workforce and technology has a key part to play in managing demand, and supporting quality support for people needing care. As described, the Department is progressing a workforce strategy which will be presented to the Commission for review, and the technology strategy is set out in this paper.

6. Financial, legal, and other implications

6.1 Financial implications

There are no financial implications other than those that have been raised directly in the report.
Martin Judson, Head of Finance

6.2 Legal implications

There are no legal implications arising directly from the recommendation to note and comment on the contents of this report.
Further recommendations which may arise from the Executive's comments should be discussed with Legal Services, as changes to services may require consultation with service users, compliance with procurement rules and/or the variation or application of existing contracts.

Annie Moy, Qualified Lawyer, ext 6669

6.3 Climate Change and Carbon Reduction implications

There are no significant climate emergency implications directly associated with this report.

Aidan Davis, Sustainability Officer, Ext 37 2284

6.4 Equalities Implications

This report provides a response to the recommendations set out by the Taskforce that may impact people from a range of protected characteristics as defined by the Equality Act in relation to the cost of care. Recommendation responses made in the report along with further areas identified through the Departments work on the Reforms, have highlighted areas of work to be progressed and consideration needs to be given to the equality impacts of these and the need to give due regard to how it will affect people who share a protected characteristic.

This should include reviewing any Equality Impact Assessments(EIAs) that have already taken place for specific policy/strategy/work areas or carrying out EIAs for any new policy/strategy/work areas as identified in the report, for example an EIA is underway on the development of the online customer portal and this will be updated as the project progresses and mitigating actions put into place as appropriate.

Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

Sukhi Biring, Equalities Officer, 454 4175