

Meeting: Community Wellbeing Board

Date: 30 November 2022



Fair Cost of Care

Purpose of report

For information

Summary

The purpose of this report is to provide background information to CWB Members on the DHSC Fair Cost of Care policy, what it required of councils, what work councils and providers have since undertaken and the outcome of the FCC process.

Recommendation

That the Community and Wellbeing Board read this report in preparation for a discussion on Fair Cost of Care at the Board meeting on 30 November 2022. Member's attention is drawn to the 'challenges' section (paragraph 5) of this document that sets out the circumstances currently facing many councils.

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Fair Cost of Care



Background

DHSC Policy and Guidance

1. In December 2022, DHSC published a [policy paper](#) on market sustainability and cost of care that set out details of activity and funding to support the social care sector. In March 2022, DHSC issued detailed [guidance](#) on the grant conditions associated with this policy and funding.
2. The basis of this policy was that councils would be required to undertake cost of care exercises and submit the results to DHSC. If this was done in accordance with DHSC grant conditions, councils would receive their share of funding in 2022/23 (£162m). Further funding was committed for 2023/24 and 2024/25 (£600m in each year) for councils to spend on increasing provider fees to support overall market sustainability.

Cost of care exercises and grant conditions

3. The DHSC guidance stated that to meet grant conditions, councils were required to:
 - Undertake cost of care exercise for 3 specific types of service; i) domiciliary care for people aged 18+ (excluding Supported Living, ECH, reablement and council provision), ii) care homes without nursing for people aged 65+ and iii) care homes with nursing for people aged 65+.
 - Encourage providers to participate in these exercises and submit a comprehensive and standard list of cost information, in line with the council's stated process.
 - Compile documents and information based on the outputs of the costs of care exercises and submit these to DHSC by 14th October 2022. These included:
 - i) [Cost of Care Table](#) – Councils were asked to calculate and submit a single median figure for each cost line and the overall cost, based on information they received from providers. Councils also had to provide a breakdown of how they would use their grant to support the local sector.
 - ii) [Cost of Care Report](#) – Councils were asked to describe their approach to these exercises, how these exercises when in practice and the key outputs. The grant conditions require councils to publish this Report on their website, though the date by which this should be done has not been confirmed.
 - iii) [Market Sustainability Plan](#) – Councils were asked to provide an assessment of the local social care sector and key challenges, assess the impact of future

market charges (including Charging Reform) and describe their plans to support market sustainability in the coming years.

4. All councils submitted the required information by 14 October 2022. DHSC is in the process of reviewing submissions to establish if councils met the grant conditions.

Challenges

5. Provider Responses – The number and content of provider responses was not what had been hoped for and this has left the sector in a challenging place that was clearly not the intention of this Policy. Councils have significant provider cost data, but there is no shared picture of national or local intelligence because of:
 - Response Rate – The overall national provider response rate was c30%. Local response rates ranged from 5%-80% with councils typically receiving information from c20-30% of local providers.
 - Variability in costs: The data received showed that provider's costs vary significantly according to their structure and funding and care delivery arrangements. There is certainly no single or standard cost nationally or locally.
 - Variability in approach: The exact process and approaches used by councils differed, as did the way providers responded, affecting consistency and comparability of cost information.
 - Rate and type of response: The issues listed above mean that the data gives an incomplete and potentially unrepresentative picture of costs that does not support national or local comparisons or decisions.
6. Terminology and expectations – DHSC labelled this exercise as seeking to understand the “Fair Cost of Care”, without fully explaining what “fair” meant and this has led to different interpretation. The same is true of DHSC's requirement that councils use grant funding to “move towards paying a fair cost of care”, again without fully explaining or quantifying what “move towards” means. The result is a gap in what councils and providers understand of the aim of this policy.
7. Level of funding – It was always clear to partners, including DHSC, that the committed level of grant funding was likely to be less than the gap between current council fee rates and the costs that would be submitted through these exercises. This has been the result and has created challenges for councils looking to support the sector as best they can and providers facing significant workforce and sustainability issues.
8. Impact on local social care sectors and market sustainability – Under their Care Act duties, councils must consider the information from these exercises in any future decision-making and fee setting, irrespective of the future of the Fair Cost of Care Policy. In some areas, this situation has added to existing challenges around council / provider relations and overall market sustainability (e.g. some providers saying they will refuse to deliver care unless the council pays them the “Fair Cost of Care”).

Future of Fair Cost of Care

9. It was announced in the Autumn Statement that Charging Reform (of which Fair Cost of Care is a part) would be delayed by 2 years. However, at the time of writing this report it was not yet clear:
- If the remaining elements of the Fair Cost of Care process would be affected.
 - If the funding committed as part of this policy would change or not.
 - How the funding announced in the Autumn statement would be distributed to councils and the social care sector.

Proposal

10. The aim of this report is to provide information and context to CWB members to prepare for Fair Cost of Care item and discussion at the Board on 30 November 2022.

Implications for Wales

11. This policy is exclusive to England and so there are no direct implications for Wales.

Financial Implications

12. There are no specific financial implications as a result of this report.

Equalities implications

13. This report does not seek a decision or specific actions that may have equalities implications.

Concerns have been raised by some people in the sector that areas of social care outside of the scope of these exercise may be de-prioritised or otherwise adversely affected by the focus on domiciliary care for people aged 18+ and care homes for people aged 65+.

Next steps

14. At the Board meeting on 30 November 2022, John Jackson will present an up-to-date position on Fair Cost of Care and discuss the wider policy and financial implications for the sector.