

Report to the Cabinet

Meeting to be held on Thursday, 2 February 2023

Report of the Executive Director of Adult Services and Health & Wellbeing

Part I

Electoral Division affected:
(All Divisions);

Corporate Priorities:
Caring for the vulnerable;

Market Sustainability - Funding to Support the Adult Care Market

Contact for further information:

Mike Alsop, Tel: 01772 539256, Senior Commissioning Manager

mike.alsop@lancashire.gov.uk

Brief Summary

This report sets out a proposal to provide financial support to providers of adult social care who contract with Lancashire County Council. This proposal utilises specific government funding, which has been provided to ensure both adult social care market sustainability and to support the NHS to safely discharge people home from hospital or to avoid admissions.

This is deemed to be a Key Decision and the requirements of Standing Order C21 have been complied with. Compliance with Standing Orders C19 and C20 was not possible due to the decision on the overall use of Discharge funding only being made recently through external NHS governance, and the urgency of the support required by the care market in order for providers to utilise the monies to maintain support levels and meet demand for care and support.

Recommendation

Cabinet is asked to approve:

(i) The utilisation of the following funding:

- £1.2m Fair cost of care funding available for 2022-23.
- £0.6m Discharge funding to support the provider market.

(ii) The recommended mechanism detailed within the report, for the allocation of



funding to providers.

This decision should be implemented immediately for the purposes of Standing Order C28(3) as any delay could adversely affect the execution of the county council's responsibilities. The reason for this is to support adult social care provider sustainability during the winter period, in order to support safe discharge from hospital, and to prevent unnecessary admissions to hospital. It is therefore vital that providers can receive any agreed funding as soon as possible.

Detail

Lancashire County Council recognises the additional costs that its care providers are facing over this winter period, stemming from continued inflationary pressures in addition to the national pressure on the Health and Care system relating to recruitment and retention of staff.

Lancashire County Council has received some national funding to support Hospital Discharge from the recently announced '£500m Discharge Fund', to be utilised in the period 1 December 2022 to 31 March 2023, in agreement with the county council's NHS partners in the Lancashire and South Cumbria Integrated Care Board. As part of the approved submission, the county council requested that some of the funding be used to sustain the provider market during this winter period.

Lancashire County Council has also received national funding for 'Market Sustainability and Fair Cost of Care', of which some funding has already been used to support fee uplifts to providers in 2022-23. The remainder of this funding can therefore be utilised to support the provider market during this winter period, which is in line with the prescribed grant conditions requiring Local Authorities to pass on at least 75% of the funding to providers, to improve market sustainability.

Proposal

To support the provider market, the proposal is to utilise the available funding which is:

- £1.2m Fair cost of care funding available for 2022-23.
- £0.6m Discharge to Access funding to support the provider market.

Utilising this total funding of £1.8m, it is proposed that a one-off grant be awarded to contracted providers, based on the numbers of Lancashire County Council service users supported within the Lancashire boundary as at 30 September 2022.

The county council will issue grant conditions to providers, with the expectation that 75% of any one-off funding will be allocated to employee pay (i.e. salary and employers on costs), with the remaining 25% supporting business running costs. This will be monitored through the county council's usual contract monitoring processes.



The total amount of £1.8m supports a payment of £122.95 per service user supported. All funding will be paid within the current financial year, (i.e. prior to the 31 March 2023. and no further adjustments will be made to the amounts per provider or to the amount payable.

Consultation with providers

The county council's regular provider fora for residential and homecare met in December 2022 and were attended by senior commissioning staff. Discussion took place with regards to cost pressures being faced by providers who requested additional financial support now and considered that, to wait until April for the annual fee uplifts would severely affect their sustainability in the short term, particularly over the winter period which is more challenging to meet demand for care.

These discussions echoed previous consultation with providers of both homecare and residential and nursing care, during the recent 'Fair Cost of Care' exercise with pressures around staff recruitment, general inflation, and energy costs particularly for residential and nursing providers cited.

Providers reported that their ability to continue to attract and retain staff, remain sustainable, and therefore be in a position to maintain or increase current levels of care was likely to be impacted without some additional financial support. This is borne out by the county council's ability to secure appropriate packages of care in a timely manner in some areas of Lancashire.

Implications:

This item has the following implications, as indicated:

Financial

The proposal in this report will cost approximately £1.8m, with the funding being entirely provided through additional grant funding for 2022/23. This proposal will not impact on the currently reported forecast outturn position for 2022/23.

The proposed use of this funding is in line with the prescribed grant conditions, and is time specific in that it has to be utilised before 31 March 2023. Failure to utilise the funding within this timeframe may result in a requirement to pay it back to the Department of Health and Social Care.

Legal

The county council is advised to ensure that any relevant obligation placed on it by the central funding body(ies) is mutually applied to service providers.

Section 5 of the Care Act sets out a duty to ensure quality in the provision of service. In performing this duty, the county council must ensure the sustainability of the market as is the aim of this proposal.



Risk management

There would be a risk to the viability of some individual providers in Lancashire, if the proposed one-off funding is not agreed. The county council has undertaken regular and specific consultation with providers such as the Fair Cost of Care exercise to inform this assessment. Any loss of provision would severely impact on the council's ability to meet people's care needs, prevention of hospital admission and the ability to return people home from hospital.

It is likely that there will be continuing pressure on the care market in the short to medium term. Unprecedented increases in energy costs bring significant financial risk to residential and nursing home providers, and it is not possible to predict future energy costs at this time. There is a continuing risk of provider failure and/or of providers handing back contracts, should they consider that it is not viable for them to continue to provide services. Commissioning staff will continue to monitor the market and engage with providers and the NHS to mitigate any risk where possible.

List of Background Papers

| Paper | Date | Contact/Tel |
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None

Reason for inclusion in Part II, if appropriate

N/A

