

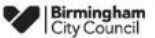
Adult Social Care Reforms

Update report to Health and Social Care Overview and Scrutiny Committee

24 January 2023



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Background

- In September 2021, the Government set out plans to reform adult social care in England. Funding of £5.4 billion would be used to fund the reforms between 2022/23 and 2024/25:
 - £3.6 billion would be used to reform how people pay for social care. This included £1.4 billion to help local authorities move towards paying a “fair cost of care” to providers
 - £1.7 billion would be used to support wider system reform
- The social care reforms were due to be implemented from October 2023
- However in the Autumn statement delivered on the 17 November 2022 the Chancellor announced that the charging reforms would be delayed until 2025

Key Features of the Reforms

■ Charging reforms/Care Cap

- The Government planned to introduce a new £86,000 cap on the amount anyone in England will have to spend on their personal care over their lifetime. The cap will apply irrespective of a person's age or income
- The cap is not intended to apply retrospectively meaning any cost accrued prior to implementation will not count towards the cap
- Any money paid by a local authority towards meeting a person's eligible care needs will not count towards the cap
- The upper capital limit (the threshold above which somebody is not eligible for local authority support) will increase from £23,250 to £100,000
- The lower capital limit (the threshold below which somebody does not have to contribute towards their care costs from their capital) will increase from £14,250 to £20,000
- Only money spent on meeting a person's personal care needs will count towards the cap. Spending on daily living costs (commonly referred to as "hotel costs" in a care home) is not included
- Daily living costs would be set at a notional level of £200 per week at 2021/22 prices
- During the Autumn Statement 2022 the Chancellor announced that the charging reforms would be delayed until 2025

Key Features of the Reforms

- Fair Cost of Care Reforms
 - Provisions in the Care Act 2014 (section 18(3)) will be brought fully into force enabling self-funders to ask their local authority to arrange their care in a care home for them so that they can benefit from lower rates
 - £1.4 billion will be provided to local authorities to support them to increase the rates they pay to providers where necessary (move towards paying a “fair cost of care”)
 - Local Authorities would need to:
 - Carry out cost of care exercises for the 65+ older adult care home market, and 18+ home support market (including extra care sheltered housing) and submit output reports and returns to DHSC by 14 Oct 2022
 - Carry out market sustainability assessments for the 65+ older adult care home market, and 18+ home support market (including extra care sheltered housing) including assessment of the impact of social care reforms and submit a draft Market Sustainability Plan to DHSC by 14 Oct 2022 and finalise for submission in February 2023
 - Distribute grant funding to care providers by 31 March 2023 in line with the grant conditions for 2022/23 and develop plans for spend in 23/24 and 24/25
 - The Fair Cost of Care was already set out to be implemented in stages from October 2023 up to 2025 and is therefore unchanged as a result of the Autumn statement

Fair Cost of Care Exercise

- The Fair Cost of Care exercise for Birmingham is based on provider submitted data between 6 June and 4 August 2022
 - Data covered a variety of factors for both 65+ older adult care and 18+ domiciliary care
 - Providers were encouraged to take part through various communications and, where necessary, by issuing contractual breach notices. Care homes used the Care Cubed FCoC tool and Home support and extra care providers used the ARCC tool, both commissioned by LGA/ADASS
 - Birmingham City Council engaged closely with the providers to understand any discrepancies in the submissions. Only returns that were internally validated were approved for inclusion in the analysis
 - Once data collection was completed, the median costs of providing care in the local market was calculated for each of the cost lines
 - After further validation with stakeholders, further iterations were developed along with a variety of scenarios on occupancy and inflation assumptions for 22/23
 - The government mandated Fair Cost of Care template and report, submitted on 14th of October
 - The submission was underpinned by close engagement with both care home and domiciliary care providers
 - The returns were scrutinised in collaboration with the providers to improve the quality of data used in the exercise; however, this was limited and did not extend to validation of individual costs or accounts.
 - Stakeholder engagement sessions were held by Birmingham City Council where the providers were updated on the ongoing programme and initial insights were shared and validated

Fair Cost of Care Exercise – Summary Results

- Summary results for 65+ Care Home Market
 - Total cost outputs for 22/23 from the FCoC exercise are £934 for Without Nursing, and £1,137 for Nursing
 - Enhanced care (1) costs do not show a significant change in either Without Nursing or Nursing
 - Costs for 21/22 are 53% higher than the current (22/23) fee rate for Without Nursing, and 23% higher for Nursing. Projected costs for 22/23 are 63% higher than the current fee rate for Without Nursing, and 31% higher for Nursing
 - The higher costs for Nursing are primarily driven by the additional nursing staff costs

Resident Type	Records	22/23 Fee rate (incl FNC) (3)	21/22 Median reported costs	22/23 Modelled inflation
Without Nursing	46	£572	£873	£934
Without Nursing Enhanced	37	£572	£898	£961
Nursing	29	£867	£1,064	£1,137
Nursing Enhanced	26	£867	£1,051	£1,123

Fair Cost of Care Exercise – Summary Results

- Summary results for 18+ Domiciliary Care Market
 - Total cost outputs for 22/23 from the FCoC exercise are projected to be £20.95 for home support and £24.22 for extra care
 - Costs for 22/23 are 28% higher than the current (22/23) fee rate for home support and 47% higher for extra care
 - Profit is between 5% and 6% of total costs for all care types
 - Reported travel time and NI costs (direct care time) for home support are significantly lower than national benchmarks. Profit contributions per hour of care are higher than benchmarks. It should be noted that the benchmarks are based on national averages and the FCoC figures may be a reflection of local circumstances
 - PPE costs are generally in line with benchmarks; however the reported unit costs show high variability between providers

Care Type	Records	22/23 Fee rate	22/23 Median reported costs	% Increase on fee rate
Home Support	40	£16.43	£20.95	+ 28%
Extra Care (1)	10	£16.43	£24.22	+ 47%

Fair Cost of Care – Progress and Next Steps

- Progress on Actions for the Local Authority
 - Carry out cost of care exercises for the 65+ older adult care home market, and 18+ home support market (including extra care sheltered housing) and submit output reports and returns to DHSC by 14 Oct 2022 – **complete**
 - Carry out market sustainability assessments for the 65+ older adult care home market, and 18+ home support market (including extra care sheltered housing) including assessment of the impact of social care reforms and submit a draft Market Sustainability Plan to DHSC by 14 Oct 2022 – **complete**
 - Finalise for submission in February 2023 – **in progress**
 - Distribute grant funding to care providers by 31 March 2023 in line with the grant conditions for 2022/23 and develop plans for spend in 23/24 and 24/25 – **in progress**
- Key Next Steps
 - Seek approval to distribute the grant at the February Cabinet
 - Distribute the grant to providers by 31 March 2023
 - The Council intends to spend 48% of the grant on increasing fees paid to 65+ care homes and 52% of the Grant on increasing fees paid to 18+ Home Support providers
 - Finalise the draft market sustainability plan based on template still to be received from the DHSC
 - Prepare for future grant distribution based on details of the grant and conditions for 2023/24, still to be received from DHS



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