

## Policy Committee Decision Report

<b>Title of Report:</b>	Adult Care & Wellbeing: Market Sustainability & Commissioning Update
<b>Date of Decision:</b>	13 <sup>th</sup> December 2024
<b>Report To:</b>	Adult Health and Social Care Policy Committee
<b>Report Of:</b>	Strategic Director Adult Care and Wellbeing
<b>Report Author:</b>	Catherine Bunten, Director Quality, Strategy Delivery and Partnerships

### Executive Summary:

This report provides Adult Health and Social Care Committee with an overview of our market position in Quarter 3, 24/25, considering sufficiency, quality and value for money.

This report also asks Committee to note the process for proposing fee rates for Council contracted providers in the financial year 2025-26 and to agree a proposal to calling an emergency committee as early as possible in the New Year to finalise fee proposals for the coming financial year.



## Council Plan outcomes:

[People live in caring, engaged communities that value diversity and support wellbeing](#)

[Great neighbourhoods that people are happy to call home](#)

## Policy Committee remit:

This report is to be considered by the Adult Health and Social Care Policy Committee as its remit includes Adult social work, care and support – including provision of care and support services.

## Does the report contain confidential or exempt information? No

## Recommendations:

Adults Health and Social Care Policy Committee is recommended to:

1. Note the Market Oversight Delivery Plan update for Quarter 3, 24/25
2. Note the process for proposing fee rates for Council contracted providers in the financial year 2025-26.
3. Approve the proposed emergency Committee meeting in January 2025 to progress fee rate proposals for 25/26 at the earliest opportunity

**Financial Implications:** Yes Approved by: Kay Simpson 2.12.24

**Legal Implications:** Approved by: Patrick Chisholm – 2.12.24

**Equality and Inclusion Implications:** Approved by:

EAA 2362 provides an analysis of equalities impacts from fee rate proposals in 24/25. It will be refreshed following consultation with providers and alongside final fee proposals for 25/26 in the emergency Committee meeting in January 2025.

**Climate Change Implications:** No

## Background Papers:

## Appendices:

- Appendix 1: Market Oversight Report and Delivery Plan

## 1. Background to the issue

### *Policy and regulatory context*

- 1.1 Our Adult Health and Social care vision, as set out in our strategy: "[Living the life you want to live](#)", is that everyone in Sheffield lives in a place they can call home, in communities that care, doing things that matter to them, celebrated for who they are - and when they need it, they receive care and support that prioritises independence, choice, and recovery.
- 1.2 Adult Social Care Commissioning & Partnership Service has a key role in achieving our strategic vision and priorities through the development, purchasing, and monitoring of services for people in Sheffield.
- 1.3 The service also ensures we are able to deliver upon our statutory duties. Specifically, our legal duty under Section 5 of the Care Act 2014 to:  
“promote the efficient and effective operation of a market in services for meeting care and support needs with a view to ensuring that any person in its area wishing to access services in the market:
  - a. has a variety of providers to choose from who (taken together) provide a variety of services.
  - b. has a variety of high-quality services to choose from.
  - c. has sufficient information to make an informed decision about how to meet the needs in question.”
- 1.4 The [Health and Care Act 2022](#) gave the Care Quality Commission (CQC) new powers to allow an assessment of care at local authority and integrated care system level. The CQC will use a new [assessment framework](#) to assess how well local authorities meet their duties under the Care Act 2014.
- 1.5 Theme 2, Providing Support, which covers market shaping, commissioning, workforce capacity and capability, integration and partnership working is particularly relevant.

## 2. Proposal

### ***Sufficiency and Stability: Market Oversight Report and Fee Rate Setting for 2025/26***

- 1.6 Securing sufficient care and support provision that meets the needs of our population is a statutory requirement for all Local Authorities. This duty, as set out in Section 5 of the Care Act 2014, recognises that “high quality, personalised care and support can only be achieved where there is a vibrant, responsive market of services available”.
- 1.7 The Care Act places duties on local authorities to promote the efficient and effective operation of the market for adult care and support in the local area. In fulfilling this duty, local authorities must therefore ensure good oversight and

understanding of the local care market. This covers both commissioned and non-commissioned services – including those used by self-funders.

- 1.8 The Market Oversight Report and Sustainability Delivery Plan provided at Appendix 1 sets out Sheffield’s approach to meeting its sufficiency and market oversight duties. It summarises our aims and what good looks like, as well as providing an overview of the current position of our key market areas.
- 1.9 This report also updates committee on the proposed process for setting fee rates for 2025/26 in order to balance the budget planning requirement for Adult Care and Wellbeing with significantly increasing costs for care providers, increasing demands on care services and within a context of national policies that place additional pressures on collective resources.
- 1.10 Our Care Act 2014 duties are designed to promote a diverse, high-quality, and sustainable care market that meets the needs of the local population, and as part of this duty, we maintain good oversight and understanding of the local care market, including assurances of quality standards and setting rates that we believe, based on the evidence, will support a quality, flexible and sustainable market, providing choice to those who purchase care.

## **Contractual Context**

- 1.11 Over the last three years, Adults Care and Wellbeing have implemented long term contracts across much of our care and support provision. This includes our Care and Wellbeing Service Contract, our Adults with a Disability Framework, our Mental Health Support and Independence Framework, and our Standard Care Homes Framework.
- 1.12 This tendering provides the foundations for organisations to invest in the City and incentivise improving conditions for the workforce as well as setting out contractual uplifts models to support financial planning.
- 1.13 Uplift proposals are initially modelled to reflect the difference between the wage levels calculated in the fee rate for 24/25 (£11.44ph) and the new National Living Wage for 25/26 (£12.21ph) for the staffing element of the fee rate increase, and the Consumer Price Index (CPI) as at September’s CPI – the month used by DWP for calculating pension contributions) for non-staffing (1.7%).
- 1.14 Taken alone, proposed fee rates in 25/26 using our modelling would be:

### **Community Based Care and Support**

- Home Care
- Extra Care
- Mental Health Support & Independence (community based support)

<ul style="list-style-type: none"> <li>• Enhanced Supported Living</li> <li>• Supported Living</li> <li>• 1:1 support for activities outside the home</li> <li>• Overnight Short Breaks</li> <li>• Shared Lives</li> </ul>		
	<b>Increase</b>	<b>Weighted</b>
<b>85% staff</b>	6.73%	5.72%
<b>15% non-staffing costs</b>	1.7%	0.26%
		<b>5.98%</b>

<b>Residential Care and Day Activities</b>		
<ul style="list-style-type: none"> <li>• Standard Residential &amp; Nursing Care Homes</li> <li>• Day Activities</li> </ul>		
	<b>Increase</b>	<b>Weighted</b>
<b>71% staff</b>	6.73%	4.78%
<b>29% non-staffing costs</b>	1.7%	0.49%
		<b>5.27%</b>

<b>Direct Payments</b>	
	<b>Increase</b>
Purchasing of provider support	<b>5.98%</b>
PA employers	<b>6.73%</b>

### Additional fee setting considerations

1.15 In addition to our fees for standard and contracted care and support, there are a number of other considerations which shape how the Council brokers and purchases care and support on behalf of people in the City. These are outlined below, together with planned activity to support fee setting in 25/26:

<b>Influencing factor</b>	<b>Impact and planned activity to support fee setting in 25/26</b>
National Policy	<p>An initial provider forum is planned for 20<sup>th</sup> December to discuss how the rise in Employer National Insurance contributions announced in the Budget on 30<sup>th</sup> October might impact on organisations working in Sheffield.</p> <p>This understanding is an essential part of our market oversight, and our duty to ensure continuity of care. Work over the coming weeks will seek to quantify the risks to care provision of potential provider exit as a result of this policy.</p>
Cost of Care	We continue to work towards supporting a sustainable cost of care in Sheffield – both for the purchasers of care (including the Council, people who self-direct

<p><i>Including non-standard care rates and profit margins</i></p>	<p>their own support through direct payments, and private fee payers) and for providers of care, including our aim that care workers are paid at least the foundation living wage and benefit from good terms and conditions.</p> <p>As a means to support this, we have purchased Care Cubed and will use of this as we develop rates of care across our provision, including for more complex levels of care and support.</p> <p>This tool will also allow us to be clear about the profit margins we have used in fee setting models</p>
<p>Top Up Policy</p>	<p>There is current mixed practice as to why homes charge 'top ups' (charges above the Council's standard rate) , in part due to different business models and home layouts. Some might charge top up fees to all council funded placements; in some circumstances this will be the difference between the homes private rate and SCC rate others it may be a nominal sum.</p> <p>Others might have different top up rates for different rooms such as an ensuite, rooms with a view or single occupancy of a double room.</p> <p>As placements are made on an individual basis, what gets requested can vary from placement to placement with little certainty about what a home might charge.</p> <p>There is a requirement to clarify whether a home expects a top up fee before each placement, however this does not always happen.</p> <p>Uplifts to top up fees are considered at the request of the home providing at least 8 weeks' notice.</p> <p>For 25/26, we will develop a top-up policy so our processes are clear and consistent.</p>
<p>Market shaping and development</p>	<p>The Council has taken several steps in recent years to ensure the long-term viability of care services, which must consider both the resources available and the costs of care.</p> <p>This has included longer term contracts, above inflation fee rate increases in the residential sector,</p>



	<p>and developing new models of care such as our Care and Wellbeing Service, current work to develop Care Suites and our Independent Support Funds Pilot.</p> <p>Developing new delivery models for care and support is a critical part of ensuring sufficiency and stability in the market, and to achieve this in the long term, we must work with our providers to develop different ways of providing the care and support people want and need within the available, collective resources.</p>
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### **3. How does this decision contribute to the Council Plan?**

#### **3.1 Council Plan outcome**

- 3.1.2 Caring and engaged communities: Ensuring a sufficient, high-quality market of care and support for people.
- 3.1.3 A city on the move: A focus on sustainability ensures that services are adaptable, flexible, and responsive to future challenges.

#### **3.2 People – Prosperity – Planet**

- 3.2.1 People: The proposal supports people by ensuring those with Adult Care and Wellbeing needs receive timely and appropriate care.
- 3.2.2 Prosperity: By securing an effective and efficient market, financial sustainability is improved.
- 3.2.3 Planet: Efficient use of resources supports sustainable care systems.

#### **3.3 City Goals**

- 3.3.1 The proposal contributes to Sheffield's City Goals specifically in our work to ensure a sustainable market for Adult Care and Wellbeing, which supports our goal to have a fair, inclusive and creative local economy, supporting local business and invest in opportunities for all

### **4. What community or partner engagement has been undertaken and how has it informed the proposal?**

- 4.1 Over the next two months, Adult Care and Wellbeing will consult with providers both in person and through surveys to understand the financial position and any risks and opportunities.



4.2 Over the last year, we have held workshops with providers to inform our commissioning intentions and our understanding of the financial context of service delivery, as well as exploring opportunities to work together to deliver cost effective models of delivery for the future, and any opportunities for efficiencies.

## **5. What alternative options did we consider?**

5.1 There is an option to wait until a later Committee meeting in 2025 to propose and agree fees, however, we believe it is important to signal to the market as early as possible our intentions as part of our value of being open and honest.

5.2 We know that the market benefits from the Council sharing proposals as early as possible, to support each individual organisation in their own business planning.

## **6. How has equality, diversity and inclusion been actively considered?**

6.1 As a Public Authority, we have legal requirements under the Equality Act 2010. This includes the Public Sector Equality Duty, under which public authorities must, in the exercise of their functions, have due regard to the need to:

- eliminate discrimination, harassment, victimisation, and any other conduct that is connected to protected characteristics and prohibited by or under this Act.
- advance equality of opportunity between those who share a relevant protected characteristic and those who do not; and
- foster good relations between those who share a relevant protected characteristic and those who do not.

6.2 The broad ambitions set out in the report are consistent with this duty. These include securing and developing a range of different types of provision for older people with people with more complex needs, aiming for enabling support.

6.3 Older people represent the majority of people who draw on Adult Care and Wellbeing. New models of care and support will offer people more choice and control as well as prevent out of area placements when emergency placements are required often resulting from a crisis when existing care homes for older people cannot manage.

6.4 The award of the Healthwatch contract and Advocacy contract will strengthen citizen's voice with a priority on ensuring that people from all communities are able to be represented and engaged.



6.5 EAA 2362 provides an analysis of equalities impacts from fee rates proposals in 24/25. It will be refreshed following consultation with providers and alongside final fee proposals for 25/26 in the emergency Committee meeting in January 2025.

## **7. Financial and Commercial Implications**

7.1 Fee uplifts form part of the Business Planning process, and the budget is subject to approval at Full Council in March 2025.

7.2 Following the Autumn Statement on 30<sup>th</sup> October the National Living Wage was confirmed at £12.21 for 25/26. This has increased our planned pressures by £2.1m. Work is ongoing to identify income and savings to offset this pressure and balance the budget.

## **8. Legal Implications**

8.1 The Care Act 2014 sets out the law around market development in adult social care. It enshrines in legislation duties and responsibilities for market-related issues for various bodies, including local authorities.

8.2 Section 5 of the Care Act sets out duties on local authorities to facilitate a diverse, sustainable high-quality market for their whole local population, including those who pay for their own care and to promote efficient and effective operation of the adult care and support market as a whole.

8.3 The proposals are therefore in line with the Council's legal obligations.

## **9. Climate and Environmental Implications**

6.6 The commissioning of care and support services for Adults in Sheffield can have a large impact on Sheffield's Climate goals. This was set out in the Climate Statement approved at Committee in January 2024.

6.7 Considerations in the development of our care markets and work with partners includes:

- Care workforce – the care workforce is significant and is required to travel across the city, working together to create better opportunities for 'active travel' can help to reduce emissions from transport.
- The energy efficiency of the buildings in which care is delivered (such as day services, or residential care) provides a significant opportunity to reduce our carbon emissions, and commissioning should encourage and enable improvements to environmental standards and promote renewable energy.

- 6.8 Climate Impact Assessments will be undertaken as a key element of our commissioning approach, and we want providers and partners to align with our Net Zero ambitions and will be looking to work with them to identify key areas of impacts in their activities and how we can reduce, monitor, and measure these.

## **10. Other implications**

- 10.1 No other implications are anticipated from this report.

## **11. Reasons for decision**

- 1.16 In fulfilling our Care Act 2014 duties, local authorities must ensure good oversight and understanding of the local care market. This includes setting rates that we believe, based on the evidence, will support a quality, flexible and sustainable market. Approving that a further report be brought to an Urgent Adult Health and Social Care Committee in January 2025 to propose fee levels for 25/26 provides this information to the market as early as possible, supporting providers in their planning.
- 1.17 Final approval of fees will be in line with the business planning process in March 25.