

Cabinet – 7 February 2024

Improving Quality and Value for Money in Adult Social Care Provision

Portfolio: Councillor Pedley – Adult Social Care

Related portfolios: All

Service: Adult Social Care

Wards: All

Key decision: Yes

Forward plan: Yes

1. Aim

- 1 The purpose of this paper is to explain the current market position across Adult Social Care and to set out proposals for a 3-year plan for improving the quality of support. The report includes details how through the fee setting process and engaging with providers we will look to address quality and long-term market sustainability.

2. Summary

2.1 The report:

- a) Sets out the current position and what fees are being paid for key ASC services (current average rates).
- b) Shows how published fees compare to comparator Local Authorities and national benchmarks.
- c) Considers the reasons behind the variation behind framework rates and actual rates paid.
- d) Analyses the relationship between rates paid, CQC quality ratings and occupancy (in bed-based care primarily).
- e) Identifies the affordability gap of applying a Walsall Cost of Care model and sets out proposals for establishing the cost of care in Walsall and the financial impact of required fee levels for 2024/25.
- f) Describes the challenges likely to be faced and the areas of activity that will be needed.

3. Recommendations

- 3.1 To approve the proposed approach to quality, putting in place a 3-year plan for engaging providers around fees, market sustainability and quality.
- 3.2 To approve the funding of this plan that will implement varied uplifts based on current costs to bring the market closer together and further uplifts based on quality.
- 3.3 To support the development of a local approach to quality that will inform future decisions around uplifts.
- 3.4 To support enhancement of the Brokerage Model to support market management.

4. Report detail - know

Context

- 4.1. Walsall Council needs a new approach to managing the market of commissioned services to people in Walsall. This has arisen due to:
 - Walsall ASC's current approach to pricing care and support requires review to ensure that it is consistent, equitable and transparent within and across different services/ markets.
 - The current approach is based primarily on annual uplifts, with limited evidence-based rationale for rates, predominantly using comparative data from neighbouring local authorities.
 - Rates have been comparatively low in Walsall for some years and providers now consistently request additional fees to ensure ongoing sustainability and not in line with the framework contracts.
 - Providers dictate costs for individual support for residential care which makes budget and financial planning unpredictable.
 - 4.2. This paper describes the proposed approach to pricing and market sustainability based on the review of the current approach to pricing key care and support contracts within a context of affordability and ASC's budget envelope.
- Vision and intentions for Adult Social Care commissioned services
- 4.3. The Council has a statutory duty to ensure that there is a sustainable market for care and support across Walsall. Funding arrangements for available funding now require Councils to demonstrate how that funding is supporting market sustainability.
 - 4.4. The past 18 months has seen an increasing number of providers approach Councils reporting that they are in financial difficulties. Ideally this is a position that Councils would like to avoid, but increasingly find that they need to make tough decisions around how financially they can continue to support providers.

Key market shaping commissioning intentions:

- 4.5. The Commissioning Team within the Council are currently updating the wider commissioning intentions for 2023-25 but in summary they include:
- We need to improve the overall quality of provision so that we are only placing people in services rated as at least 'Good' by the CQC.
 - We want to engage providers in a discussion around quality and what capacity we need, especially around more complex needs/dementia care.
 - We need to re-establish confidence in the market that the fees enable providers to be financially sustainable and for commissioning to have better oversight and management of this.
 - Agree a fee that removes the need for variations to fees charged by providers.
 - We want to shape a diverse, sustainable and quality market.
 - We want to support providers to deliver high quality care and support.
 - We want to develop and implement a comprehensive Quality Assurance and Compliance Framework within the Adult Social Care Market.

Methodology

- 4.6. The Council reviewed all the current rates to determine what the actual average fee rates are across Walsall for residential and community based support, not what the contractual rates were.
- 4.7. A Walsall Cost of Care Model and reasonable cost of care was then created using the average rates applied across the Fair Cost of Care template to work out what uplifts would be required to address cost pressures.
- 4.8. Cost pressures were applied that were specific to each cost area. (eg salary costs were uplifted in line with National Living Wage, Utility and Energy costs in line with increases, others by CPI).
- 4.9. The financial impact of adopting the model was established and quickly established there was insufficient funding in 24/25 and would be unaffordable.
- 4.10. Proposals worked up to build towards the Walsall Cost of Care model and start to level off the variation in fee levels and at the same time start to address quality in the delivery of care and support.
- 4.11. The Council is proposing to introduce a 3 year plan for managing provider fees and quality as it is unaffordable to adopt the full model in year one.
- 4.12. The proposed approach will be required as failure to address the current market conditions will mean budget management will continue to be difficult with providers still able to dictate fee levels.
- 4.13. **This would mean costs will still be incurred by the Council, but with less control over the direction of the market.**

Current approach to pricing and fee rates paid for key ASC commissioned services

- 4.14. Currently there is not a clear and consistent methodology for pricing services commissioned by ASC. The current and previous approaches have been based on a flat annual uplift. Pricing approaches are predominantly budget-led and based on how Walsall benchmarks with neighbouring local authorities. We have an opportunity to enhance our commissioning approach to be more evidence based in our approach and introduce alternative market management approaches.
- 4.15. The national Fair Cost of Care (FCOC) exercise provided a consistent methodology nationally for LAs to gather information on the costs to providers of services. Whilst Councils continue to not be funded to support adoption of the FCOC, the principles and methodology should be informing approaches moving forward.

Regional Comparisons

- 4.16. Walsall comes out lowest in the region on a number of spend measures. Total spend per Walsall adult (216,032 of them) comes out 132nd lowest in the 151 LAs measured. If Walsall were to spend at the West Midlands, CIPFA family group and England averages, the Walsall Council spend would be about £22-25m more per annum than the Council incurred in 2022/2023. Walsall Council was also one of the few LAs that didn't take up the 2% ASC Precept in 2023/2024.
- 4.17. The current published fee rates paid by Walsall Council to providers are generally lower compared to other West Midland comparator authorities. This is evidenced in the table below.
- 4.18. It is anticipated most Councils will uplift rates in line with increases to the National Living Wage. Whilst Walsall, due to the market and employment conditions in the area, is not directly seeking to keep pace with other Councils, being an outlier on rates will ultimately present challenges around encouraging providers to invest and recruit to services in the areas.

Lowest rates

Homecare

Service	Walsall	Wolverhampton	Sandwell	Dudley	WM average
Published rates	£18.00	£18.68	£18.40	£19.72	£21.10

Care Homes

Service	Walsall	Wolverhampton	Sandwell	Dudley
OP Residential	£534.33	£536.94	£603.00	£502.46
OP Nursing	£614.06	£640.16	£668.00	£518.98
OP Residential Dementia EMI	£603.34	£592.55	£651.91	£546.14

OP Nursing Dementia EMI (excluding FNC)	£704.74	£667.10	£701.33	£564.13
MH Residential & Nursing	Ave £1,215.72	Ave £1,006	Ave £1,261.43	Ave £1,441.99
LD Residential & Nursing	Ave £1,500	Ave £1494.90	Ave £1,558.11	Ave £1,375
Supported Living				
Service	Walsall	Wolverhampton	Sandwell	Dudley
Supported Living	£17.00 - 17.66	£18.00	£17.08	No standard rate

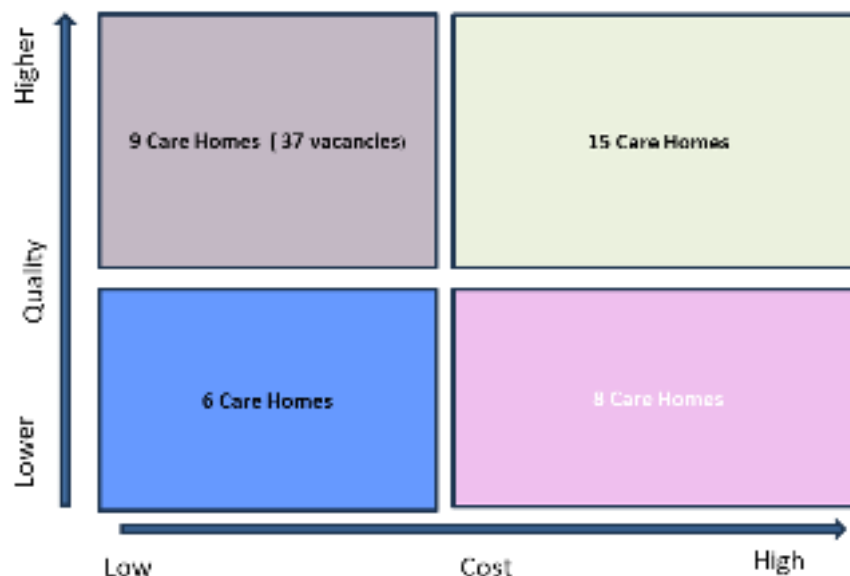
What we are actually paying for support

- 4.19. We have compared published rates across service areas against the actual rates the Council is currently paying for 2023/2024.
- 4.20. This analysis showed that the **published rates are not being adhered to**. There is a variance between published rates in rate cards and actual rates paid by Walsall Council. Increasingly, every bed-based placement made is individually negotiated. Supported Living rates are very varied and enhanced by additional payments making average weekly costs for Supported Living high.
- 4.21. This means that in reality although published rates are behind other areas, the overall rates we pay are closer to regional neighbours.
- 4.22. What is also clear from this is that home care is in a much more stable position compared to residential and nursing care. This is highlighted by the continued success in Walsall around discharges and no delays in putting in place community based care options.
- 4.23. There is significant variability in rates paid to providers in Walsall for comparable types of care. The variability is a particular issue in Older People nursing and nursing dementia/ EMI and in younger adult's residential complex care. For example, there are 371 unique rates paid on circa 780 bed-based placements overall. The variation does not seem to be based on any quality aspects.
- 4.24. Variability in Supported Living rates paid is also apparent. There are 7 Lots on the Supported Living Framework each Lot with a different rate card, none of which match the current average hourly rate of £17.66. Each SL provider is paid a different rate as a result of individual support needs.
- 4.25. A key issue driving this variability is additional first, second and third party top-ups, 1-1s and 2-1s agreed on top of core fee rates. First party top ups and core fees are included in the current average rates paid but are often 'hidden' and asked for by providers in order to take a placement and/or this additional support is decided by social workers based on client need (1-1s, 2-1s).

- 4.26. There is limited control on fees agreed as providers largely dictate fees to social workers and require additional costs to be approved before accepting referrals. More concerning is Providers charging people or their families for further costs through 2nd / 3rd party top ups, with doubts that these charges relate to any additional care and support.
- 4.27. The intention is to agree a core fee that removes the need to individually agree fees and to manage this by centralising the brokering of placements. But this will take time to address due to the wide variation in current fees and the impact of changes to sustainability.
- 4.28. Walsall Council needs to work with providers to better cost and broker placements, meet client needs and ensure sufficient staffing ratios are built into the core base rates. Specifications need updating that set out clearly what is required for different levels of need linked to costs of this care and proactively market shape to ensure that the services needed in Borough are in place.
- 4.29. This degree of variability is not equitable, transparent or consistent and means that it is difficult to set and manage budgets for care and support.

Fee Rates and Quality

- 4.30. 392 out of the 835 bed-based placements (excluding complex individually negotiated packages) are paid above of current average rates (46.94%) but there is no clear link or rationale currently around Providers CQC ratings and the current fees.
- 4.31. Overall, this analysis shows that there is little relationship between prices paid and CQC quality ratings. It shows that we have good providers paid under average rates while we have 'requires improvement' providers paid above average current rates.
- 4.32. This summary diagram shows overall the relationship between cost and quality in care homes.



- 4.33. Average rates for bed -based provision and their quality revealed little difference in prices paid and the quality of provision. Ideally, the plans will reduce the number of providers currently in the lower quadrants, approximately half of all homes in Walsall.
- 4.34. There are 24 vacancies in beds offering “good” quality care at fees below the average that we are currently not filling for any new placements. Updating brokering arrangements should address this, but we also need to factor in local intelligence that is more current than CQC ratings.

Care Home Occupancy Levels

- 4.35. Another key variable in bed-based care is the occupancy and vacancy levels in care homes.
- 4.36. The tables below show that Walsall overall is currently at 83% occupancy in its bed base for older people, 80% if including all beds. This means that just under 20% of beds are vacant. Occupancy is a critical ingredient in the pricing analysis as it could explain why providers are requesting higher rates through first party top-ups, if they have low occupancy numbers. A number of Councils base their pricing models around 90-95% occupancy levels. Working with Providers to improve occupancy levels is a key part of the approach needed in the future.

Occupancy analysis as of 30 November 2023	Residential	Residential EMI	Nursing	Nursing EMI	Complex MH LD
Registered beds 65 Walsall Homes	374	540	328	320	246
Occupancy as of 30 November 2023	339	484	208	270	153
LA Placements	159 (47%)	328 (68%)	106 (51%)	175 (65%)	
% occupancy	90.64%	89.63%	63.41%	84.38%	62.20%

Analysis by sector	LA Funded	Self-Funders	Other LAs	Unknown	Health funded
Occupancy sector	768	349	239	10	89

(figures include 122 beds currently closed at Parklands)

- 4.37. What this table tell us:
- Occupancy levels are lowest in Older People’s nursing.
 - There is capacity in bed-based care for working age adults with mental-ill health and learning disabilities.
 - Walsall has most clients in Older People’s residential dementia/ EMI.
 - In terms of the occupancy levels of individual homes, 3 of the ten homes analysed as high cost have occupancy rated under 80%.

- **Walsall Council continues to have leverage and control as the main commissioner of over half the bed-based market.** 52.8% of all beds in Walsall are commissioned by Walsall Council followed by 24% self-funders and 16.4% by other LAs and 6.1% by the ICB/NHS
- Walsall Council has responsibilities under the Care Act 2014 to ensure sufficiency of supply of care and support for self-funders so there needs to be more understanding of and a focus on the self-funded market – supply, rates paid and quality.

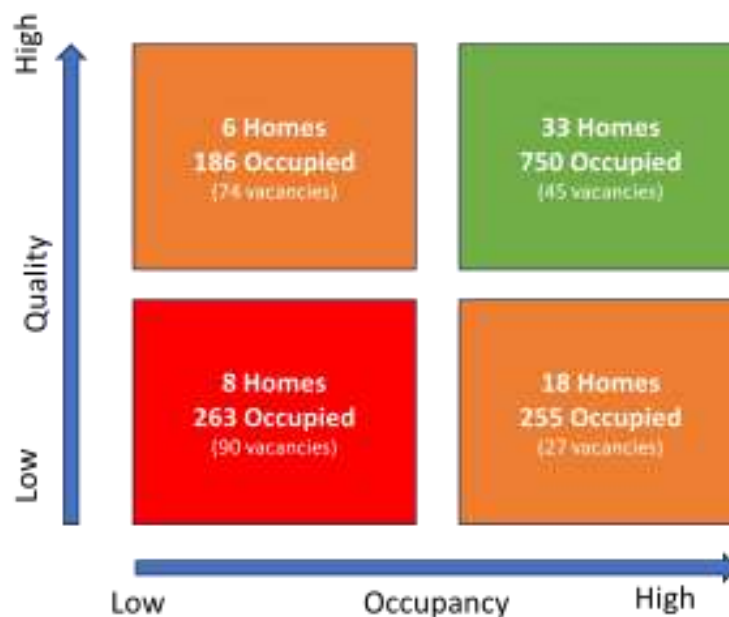
4.38. The table below helps gives us an understanding how commissioning will need to engage with specific providers.

4.39. Ideally most of the providers in Walsall would be able to offer high quality and be financially stable due to high occupancy levels (the green quadrant). 50% of homes are currently in this position.

4.40. There are 8 providers in the opposite position to this (the red quadrant), with 464 people currently supported in homes that offer poor quality and have low occupancy levels. The data earlier in the report showed that what we pay for these beds is variable and has no correlation to the quality of support.

4.41. The overall demand for beds means that we cannot stop using the beds provided by homes in the Low / Low quadrant, but we need to work with them to improve their quality offer and to be financially sustainable in doing so.

A summary of the relationship between quality and occupancy
Residential and nursing homes combined



4.42. Commissioning plans and the focus for the Care and Quality Team will be informed by this analysis so we are engaging with the providers of the care homes that we need to improve.

Homecare

- 4.43. In terms of homecare, rates tend to be more consistent with an average current rate of £18/hr. This is, however, one of the lowest homecare rates paid in the region and against West Midland comparator LAs even after an 11% uplift in 2022/2023. The current national UKHCA suggested rate for homecare is £25.60/hr. Hand-backs of home care contracts are infrequent, with 2 providers handing back contracts in 2023/2024, but this is the first time in a while that Walsall Council has had homecare packages handed back. In terms of the quality of homecare, 32% of Providers are currently rated as requiring improvement. This is high compared to national quality averages and is partly why outcomes in Walsall are considered to be poor, as they use CQC ratings.
- 4.44. There is currently no mechanism to differentiate price paid and quality of homecare provision.

CQC ratings	CQC Totals	Client Numbers 30 November 2023
Good	18 (58%)	979
Not found	1	6
Not inspected	2	34
Requires Improvement	10 (32%)	462
Grand Total	31	1481

- 4.45. To address home care, as per the residential care model, a more coherent approach to setting rates is required in Walsall. A Walsall Cost of Care model will be established to produce a clear basis for how future uplifts will be calculated. Using this approach has resulted in the proposed uplifts in 2024/2025 that will enable providers to keep pace with increases in the National Living Wage.
- 4.46. It should be noted that there remains a desire to adopt a more outcomes based approach to commissioning of home care. Combined with agreeing rates for home care, commissioners will want to engage with the market to reduce the overall number of providers and agree how providers can engage with social care and health colleagues around the model for community support.

Workforce

- 4.47. This paper does not focus specifically on workforce matters and is focused on the way fee uplifts will impact on market shaping. However, workforce is central to any discussion around quality and market shaping. Nationally there is a focus on raising the profile of the workforce and support for better terms and conditions. Whilst Walsall cannot move to support what the Home Care Association and Care England would like Councils to be paying, it is important to recognise that not addressing workforce pressures will fundamentally impact on the quality of care and support. As a result the report strongly advocates keeping pace with National Living Wage increases through the new costing models the work is putting in place.

Overall Financial Impact

- 4.48. The report sets out what the approach has been this year to establish what fee levels should be paid in Walsall and how a more consistent and robust approach will support engagement with providers and how we can manage the market better.
- 4.49. By establishing a clear rationale for engaging with providers around quality and the links with fee levels the intention is to achieve the following:
- Commence a 2-3 year plan for improving the approach to fee setting and give confidence to providers around investment plans for improving quality
 - Start to reduce the gap between what Providers are paid and give a stronger focus on quality
 - Improve budget planning and forecasting by having realistic fee levels that means there will be less variations requested by Providers
 - Remove individual negotiated agreements (1st party top ups) for placements and for the majority of placements to be agreed at the framework rates and remove risk that providers ask unjustified fees through 2nd and 3rd party top ups
 - Reduce the risk that there will continue to be providers that fail as a result of poor quality care or lack of financial sustainability
 - Simplify payment and client contribution processes and systems by reducing the number of different rates being used
- 4.50. Fundamentally though this is about Walsall being able to have a strong and defensible position in the market around what it feels is a suitable fee for care and support that allows the Council to access support for people with providers that offer the right quality. The Council does not want to place people with providers not rated as good. To do this we need to work with providers to support them to understand what they need to do to improve and ensure that together there is agreement on how to establish the right market conditions.
- 4.51. **The total estimated financial cost of the proposals contained in this report is £6,344,256.** *This does not include the National Minimum Wage and CPI pressures on all other contracts not listed in this table (day services, DPs, PAs, Shared Lives, ECH, Prevention contracts) and does not include an uplift on any other facets of provider's costs.*
- 4.52. The Council has budgeted for a 4% uplift in fees for 24/25 for these services which equates to £3.99m for fee increases, which represents a shortfall overall of £2.35m.
- 4.53. There is an additional 24/25 investment of £1.019m to cover uplifts for those areas not covered by this report.
- 4.54. The table below shows the total fee uplift investment.

Care setting	In scope of this report?	Proposed uplift investment	Current investment	Additional investment
Domiciliary care	Yes	1,923,973	1,225,449	698,524
Direct payments		1,378,504	878,020	500,484
Supported living	Yes	1,712,156	1,090,535	621,621
Replacement and short stay care	Yes	31,688	20,183	11,505
Day care		1,389	885	504
Shared lives		111,613	71,090	40,522
Residential and nursing	Yes	2,676,439	1,655,458	1,020,981
Mental Health S117 clients		69,071	69,071	0
TOTAL INVESTMENT		7,904,834	5,010,691	2,894,143

IN SCOPE OF THE REPORT		6,344,256	3,991,625	2,352,631
OTHER CARE AREAS		1,560,577	1,019,066	541,511

5.1 There is a clearly evidenced need for more ASC budget allocation to sustain the provider market in Walsall and to grow and develop markets.

- For the three main types of care and support analysed in this report (bed-based care, supported living and homecare) there is lack of market shaping and management in terms of cost, quality and managing well the supply of provision.
- There are more opportunities than risks for commissioners to 'grip and fix' this situation and the risks can be mitigated and managed through the new dedicated Pricing and Quality Improvement projects as part of ASC's Continuous Improvement Programme (CIP).
- There is an estimated 20% of the Walsall bed -based capacity / supply not currently occupied. This will be linked to different variables and is it not a good situation for providers of this care and is not sustainable for them. Combined with historically low rates, this level of voids will increase risks of provider failure.
- There is insufficient capacity in the market that can deliver "Good" rated support which means commissioners need to carefully work with providers to re-shape and make decisions about provision based on cost and quality, so as to not de-stabilise this market, in particular residential care.
- There is little/no link between the cost and quality of provision. This is a key finding and means that commissioners need to consider fee rates and improvements in quality in a consistent way.
- Overall the quality of provision in Walsall is lower than average. There are not enough good quality providers, and this will require investment and a targeted project to drive up quality. There is not therefore, as it stands, enough of the right provision in Walsall at the right cost and quality. This is also evidenced by the number of more expensive OOA placements made.

- The scale of Out of Area placements and the cost of these placements is significant. This needs to be investigated as this has not been addressed in this report.
- There is complete inconsistency in rates paid, lack of transparency of pricing, higher prices paid for provision that requires improvement over CQC rated good provision and no clear strategy/approach to driving improvement targeting those providers most in need of dialogue and market management.
- There is not an agreed cost model for basing decisions on fee rates that is used by the Council or that can be shared as a point for debate with providers, which means there is no clear rationale or transparency in the fee setting process.
- There are providers that urgently need to be targeted now for meetings to address issues around quality, capacity requirements. These providers can be identified from the quadrants set out in the report
- Supported Living is an area where the tipping point in terms of average weekly costs is nearing/higher than residential prices. There is an urgent need here for grip and fix measures to control costs in this area while ensuring a sustainable base rate. The costs are escalating through additional payments for 1-1s, 2-1s for clients in this care.
- Controls and clear fee rationale will help manage ASC budgets and possibly generate cashable savings longer-term.

Council Plan priorities

- 4.55. Proposals support the Council's core statutory duties around managing a diverse and sustainable market that support the Councils priorities on improving health and well-being of the population of Walsall.

Risk management

- 4.56. The risks to the approach are as follows:
- a) Overall Council budget pressures and gaps in Council finances mean the full cost of care model is unaffordable. However the Council has a duty to manage the market, and to ensure sustainability of the right provision. This inevitably puts pressure on Walsall Council's finances.
 - b) Risk of further market instability and not adhering to Care Act 2014 duties if the current erratic position on market rates, quality and sustainability isn't addressed.
 - c) Risks of demand pressures increasing with no calibration of price controls.
 - d) Reputational risks of the Council not using this evidence to make changes to pricing and quality improvements.
 - e) Risk to CQC LA inspection – market management was a key facet of the peer challenge review.
 - f) Risk of some market disruption and de-commissioning but this is needed in some areas and the evidence in this report is clear of the need to raise the game on quality especially. This is a much needed action that will be painful for some providers but has not been addressed in a strategic way previously with the evidence presented like it is in this paper.

- 4.57. This is a snapshot in time of prices currently being paid, CQC quality ratings (which may be old CQC ratings and not reflect actual quality in a service now) and of occupancy as at the end of the end of November 2023.
- a) Capacity/occupancy figures could be due to a specific issue e.g. contract suspension or refurbishment.
 - b) Capacity by care type with a home with different types of provision is unreliable and capacity can only be measured in totality.
 - c) Outlier cases could skew averages.
 - d) Data integrity – requires detailed analysis and sample checks and case audits
 - e) FCOC (Fair cost of care) data has been refreshed to a current price base (National Minimum Wage and RPI/CPI).
 - f) This data is as clean as data extracted from Mosaic and financial records at this time.

Financial implications

- 4.58. Financial implications have been detailed within the body of this report and appendices (private) and submitted in summary format and form part of the recommendations of this paper. It should be noted the relationship between funding and the ability to offer a diverse choice of safe and high quality adult social care in line with Care Act 2014 responsibilities.

Legal implications

- 4.59. The Council must comply with its statutory duties around market sustainability under Part 1 of the Care Act 2014. Apart from it being compulsory to do so, this is in any event critical to ensure that the Council uses its dominant market position purposefully and methodically in order to secure high quality care, and the requisite choice and quantity of provision at an affordable price and in particular to drive up the quality of care provision where this is needed.
- 4.60. In addition with effect from 1 April 2023, the Health and Social Care Act 2022 has imposed a new duty on the CQC to assess the delivery and compliance by Local Authorities with their Adult Social Care duties under Part 1 of the Care Act 2014 and this could result in the intervention of the Secretary of State were the Council to be considered to be failing in its obligations. Therefore it is important that that the Council is, and is seen to be, proactive in its performance of its duties, to avoid any such intervention.

Procurement Implications/Social Value

- 4.61. Not applicable.

Property implications

- 4.62. Not applicable.

Health and wellbeing implications

- 4.63. Quality of support from Providers will directly impact on health and well-being, so ensuring providers can deliver quality support is a key focus for commissioners.

Reducing Inequalities

- 4.64. Not applicable as the way services are commissioned addresses this area.

Staffing implications

- 4.65. The ability of the independent care sector to recruit and retain the workforce required to deliver care and support is directly impacted by fee levels.

Climate Impact

- 4.66. Not applicable

Consultation

- 4.67. Provider engagement will be required to support full plans for market sustainability and quality. Discussions have taken place with Health partners about adopting the proposals due to the mutual financial impact.

5. Decide

Options for adopting the new approach

- 5.2. The uplift approach is being taken forward within the context of a very challenging financial position for all Councils, not just Walsall. Increasing fees without any consideration for improving quality is not a viable option for commissioners and there will be no incentive for providers to address quality without any link to the fee setting process.
- 5.3. Providers need confidence in their financial position to invest in the workforce and infrastructure of their organisations. This is what commissioners want to explore with providers so that the Council can demonstrate how it can support them with better fees, but be confident that there will be a clear improvement in the quality ratings across all services.
- 5.4. Options for consideration include:
- a. Adopt the full uplift proposals.
 - b. Only award an uplift that is within the current 4% budget figure.
 - c. Agree with providers an affordable uplift for 2024/2025 that is applied to the current rates, working with providers around a longer term plan for fees and quality.

Issues to address

- 5.5. A managed approach to fee setting is required to support budget management across adult social care. Failure to set realistic rates is likely to lead a continuation of the current position.
- 5.6. There is a need to ensure the uplift proposals are affordable and can be implemented onto care management systems in time for 2024/2025 so that budget reporting is based on uplifted figures.
- 5.7. There will be a number of providers currently on the base fee, not the average fee, for whom this will be a significant uplift. Equally there will be a number of providers for whom this proposed rate is less than or not much different to what they have individually agreed with social workers. We need to ensure equity around fee levels, but there may be options to be considered about how uplifts are awarded and a gradual approach to the uplifts may be required.
- 5.8. Quality will be a key part of the revised approach, but commissioning will need to agree with providers how the fee uplift approach is combined with a focus on quality.
- 5.9. Some providers may fail to improve their overall quality and we need to be clear what impact that has within the confines of the existing contracts that ASC has put in place,
- 5.10. CQC do not audit homes on a regular basis that will fall in line with the annual uplift process so we will need to ensure we have an agreed consistent local view of quality that we can use with providers.
- 5.11. Whichever approach is taken, there will be a number of providers that are still currently asking for fees that are above the proposed fee levels. We will need to work with each of those providers to agree a way forward.
- 5.12. The financial impact of the different options is compared in the table below

Option	Commentary
1. Adopt Full Uplift Proposals	Although likely to be well received by providers, if without a clear link to quality it is unlikely to have the required impact on quality. Most expensive option for the Council and unlikely to be affordable.
2. Award a fixed % uplift within the current MTFO	Will only hide the full financial challenge to the Council as providers will continue to charge higher fees. Will have limited impact on the quality and shape of the market
3. Uplift for 2024/2025 applied to the current rates, uplifting the lower paid providers more than higher paid providers and working with providers around a	The preferred option. Will present a financial challenge to the Council, but most likely to support commissioning intentions.

longer term plan for fees and quality	
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- 5.13. The details for adopting the preferred option would be as follows
- a. Run engagement events with providers to set out the uplift approach, the links to quality and the support available to them
 - b. Set out a 3 year plan for uplifts and quality improvement
 - c. Agree a localised approach to quality with providers to inform uplift decisions
 - d. Agree uplifts for providers that uplift lower paid providers to address variations
 - e. High costs providers will be focus for individual discussions to start to reduce the variation
 - f. Link year 2 uplifts of the 3 year plan to quality improvements and continued reduction of the variation
 - g. Support enhancement of the Brokerage approach to support market shaping and commissioning intentions, prioritising new support going to providers rated as Good according to a local quality model.
- 5.14. The above options reduce the financial commitment to an additional £2.352m on top of current MTFO commitments. Note, that this covers uplifts for residential and nursing, domiciliary care and supported living only.

Key Recommendations

- 5.15. The points highlighted in this report will be taken forward within the commissioning plans for 2024/2025. Cabinet are asked:
- a) That the challenges to managing the market, linked to quality and fee setting are acknowledged.
 - b) The preferred option for a 3 year plan addressing quality and fee levels is adopted and used for engaging providers and basing future decisions on fee uplifts, and base future decisions on the Walsall Cost of Care model.
 - c) There is recognition of the role Brokerage would have in supporting management of the market and there is support for prioritising plans within the ASC workplan to introduce a Brokerage model.
 - d) That further work is done to monitor provider progress on quality and their use of top ups.
 - e) That there is continued work with elected members and national Government and through WM ADASS and pressure groups on the criticality of ASC budget increases despite the financial deficit the Council faces to ensure that there is a market of quality provision that can meet the needs of Walsall citizens and to ensure that the Council's Care Act 2014 duties are adhered to in terms of market sustainability and development.

6. Respond

- 6.1 Owing to the far-reaching implications for Adult Social Care and Council finances, it is considered critical that Cabinet is well sighted and versed on the

changes, and that they are fully aware of the implications for the Council as the work is progressed.

7. Review

- 7.1 Owing to the size and nature of work and changes involved as part of the Market Sustainability Plan, there will be further updates at critical junctures as the work streams progress.

Appendices

None

Background papers

None

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