



Fair Cost of Care

Graham Biggs MBE, Chief Executive
Rural Services Network



Setting the Rural Scene



RESOURCE

Government funded support for adult social care service costs is significantly lower in county and rural areas.



WORKFORCE

Recruiting and retaining adult social care staff to work in rural areas can be more difficult than in urban centres.



DEMOGRAPHY

The higher average age alongside ageing population projections within county & rural areas places a high burden on rural local authorities.



'SELF-FUNDERS'

The balance of adults self-funding their care is higher in rural areas and likely to be more sensitive to reforms made to the funding system.



CARE HOMES

The proportion of residential care homes situated in rural locations is higher than in metropolitan areas, often encouraging service user inflow to counties.



SPARSITY

Geographical challenges in providing adult social care in large and remote rural areas, particularly the time and costs involved in delivering personal care over large distances.

Fair Cost of Care Fund

- The fund was announced in December 2021. The primary purpose of the fund is **to support local authorities to prepare their markets for reform** and to support local authorities to move towards **paying providers a fair cost of care**.
- In total the fund amounts to **£1.36 billion** (of the £3.6 billion to deliver the charging reform programme). In 2022 to 2023, £162 million will be allocated. A further £600 million will be made available in each of 2023 to 2024 and 2024 to 2025. **This funding profile allows for staged implementation that is deliverable**, while also reflecting the timelines for charging reform.
- In 2022 to 2023 funding will be distributed using the **adult social care relative needs formula**, as is used for the Social Care Grant and iBCF.
- This of course might change in the forthcoming fiscal statement....

Government requirements

- The government requires **local authorities to start building strong foundations** and prepare markets for wider charging reform and thereby increase market sustainability.
- As a condition of receiving future funding, **local authorities will need to evidence the work they are doing** to prepare their markets and submit the following to DHSC by 14 October 2022:
 - **cost of care exercises** for 65+ care homes and 18+ domiciliary care
 - **a provisional market sustainability plan**, using the cost of care exercise as a key input to identify risks in the local market – a final plan will be submitted in February 2023
 - **a spend report** detailing how funding allocated for 2022 to 2023 is being spent in line with the fund's purpose

Sustainable Fee Rates

- In 2022 to 2023 local authorities are also expected to **start making genuine progress towards more sustainable fee rates**, where they are not already doing so. This means increasing fee rates paid to providers (in respect of 65+ care homes and 18+ domiciliary care, including those who operate in extra care settings). The Local Government Finance Settlement 2022 to 2023 included additional funding for local authorities to cover the demographic and unit cost pressures facing social care. **The fund is additional to those pressures and will help local authorities to increase fees further.**
- As part of the gradual implementation, the government will **review the fund** distribution and conditions ahead of allocating money for 2023 to 2024 **to ensure they remain appropriate** to meet the objective of making local markets more sustainable.



**Feedback from
members about the
application process**

Fair Cost of Care Survey Challenges

- Many **care home operators have in the past not agreed to officers'** requests to see the returns received. Making it impossible to assess the consistency of data with other information known to the Council, or **to check with individual providers implausible figures.**
- Many of the past cost models have assumed that if care home occupancy is at a low level, fees should still reflect the average cost per resident. The effect of this over time can be a "ratchet", in which **low occupancy leads to higher fees which in turn encourage further overcapacity.**
- Providers were invited to supply figures for both the return that they expected on the capital value of the care home and the return on operations (surplus or profit) which they aimed to achieve. Responses to both questions varied greatly, and in many cases the figures supplied appeared to reflect **optimistic aspirations rather than a realistic assessment** of what rates of return were required for care home businesses to continue to operate.

PARLIAMENT

STREET SW1



WHITEHALL

SW1



CITY OF WESTMINSTER

**Recent Westminster Hall
Debate on Rural Health & Care**

The Minister of State, Department of Health and Social Care Will Quince MP

“We certainly recognise many of the challenges caused by rurality, including the distinct health and care needs of rural areas and the challenges of access, distance and ensuring a sufficient population to enable safe and sustainable services. I assure my hon. Friend that **this Government will remain committed to improving health services in rural areas**, as we are committed to doing across all of England.”

“I am passionate about securing **access to GPs in rural** and remote areas.”

“We are **enabling the NHS to establish place-based structures** covering smaller areas than an integrated care system. That could match the local authority footprint, for example, or in some cases it could be even smaller—a sub-division based on local need.”

“I think **local areas often know better than I do**, sitting here in Whitehall, how best to organise themselves, and how to design and, importantly, deliver the best possible care for patients.”

Thank you

