



Market Sustainability and Fair Cost of Care Fund

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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.

The Fund

- The fund was announced on 16 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.

Evidence Required

- 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.

Thank you