

Annex B

Analysis of Key Corporate Risk 11 – Failure to deliver commissioned services due to external market conditions

1. This Annex provides a more detailed analysis of KCR11: Failure to deliver commissioned services due to external market conditions. Providers have for a number of years faced increased financial pressures as a result of increases in the national living wage, regulatory costs and more recently as a consequence of the impact of covid-19. These have been managed in partnership with the sector during this period but the consequences and risks could be significant if providers were unable to deliver the services commissioned due to budget constraints or market conditions.

Risk Detail

2. The risks were previously expressed as:
 - Increases to the national living wage
 - Recruitment and retention of staff
 - If failure occurs, the Council will remain responsible for ensuring the needs of those receiving the service continue uninterrupted.
 - Providers may go out of business as a result of the impact of Covid-19
 - Many sectors under financial pressure due to Covid-19 (reductions in income or increase in expenditure)

Implications

3. The potential implications for the Council include:
 - Vulnerable people do not get the services required or experience disruption in service provision
 - Safeguarding risks may increase as a result of a reduction in quality of services provided, or not being delivered
 - Financial implications: Increased cost of alternative provider
 - Increased cost if number of providers are limited
 - Reputational damage of provider failure.

Controls

4. The controls identified to date and included within the risk assessment and in place include:
 - Clear contract and procurement measures
 - Ongoing review of operating and business models of all key providers and putting further mitigation in place, such as more robust contract monitoring and commissioning some 'enhanced' credit checks through colleagues in Finance.
 - Revised SLA with independent care group and quarterly monitoring meetings with portfolio holder
 - Increase in homecare fees to reflect actual cost of care
 - Local policies in place for provider failure
 - Short term financial assistance from Covid-19 pressures through supplier reliefs.
 - Ongoing attendance at Independent Care Group Provider Conference
 - Director of Commissioning post will further support proactive efforts in market development and market shaping
 - The Council's market position statement is in the process of being updated and will be available from late 2021.

Key areas of progress

5. There has been a significant investment from Adults Commissioning and Adult Social Care in supporting the care sector enabling a truly successful partnership approach to be embedded across the sector. Support has been provided through many means including enhancing the quality programme, increased support around infection control, discussion regards business opportunities and partnership approaches to providing new innovative support solutions and engagement on costs of care with all areas and providers. This has resulted in a relatively stable market across the city with a high degree of quality across provision reflected in CQC ratings and measures taken have significantly mitigated against any potential failure to deliver services due to external market conditions.
6. The Council's successful approach to supporting providers through the pandemic and the creation of the "team around the home" ethos has highlighted that we want to embed a joint approach to quality review programmes especially in relation to care home settings. The Council will be seeking to include the CCG Quality Team in this oversight and we will be looking at joint quality visits taking place regularly in the future. This approach

will ensure and support the already high quality ratings and performance of services locally.

7. The “team around the home approach” was undertaken jointly with Public Health and this has highlighted both a successful approach but also how the two teams have complimented one another on the response to supporting partners across the City. Public Health input has been integral to ASC been able to provide enhanced support to the sector and this has been highlighted through the joint approach to Gold and Silver internal and external meetings with mutual support in all areas which has again enabled providers to mitigate against failure as a result of the pandemic.
8. Alongside progress in enhancing mitigations already identified in the risk assessment, there are a number of areas which have been progressed or are available at present which will support providers and mitigate against provider failure both as a result of market conditions and financial pressures.
9. Emphasis is shifting in York and people are increasingly coming together to define what they want and build more connected, caring and compassionate neighbourhoods and communities. The Council’s approach is to place ward and neighbourhood level working at the heart of building resilient communities, recognising that local people are best placed to understand and find solutions to the particular needs of their communities. This approach will support the ongoing development of community networks and prevent people requiring longer term care solutions reducing the council’s reliance on purchased care.
10. During the pandemic, there have been funds made available by central Government for Local Authorities to “passport” and use their discretion to support providers in key areas of responding to Covid-19. The two key funding streams have been the Infection Control Fund and the Rapid Testing Fund and the Government has announced continued funding to the sector. The purpose of this fund is to support adult social care providers to reduce the rate of COVID-19 transmission within and between care settings through effective infection prevention and control practices and increase uptake of staff vaccination and conduct additional rapid testing of staff and visitors in care homes, high-risk supported living and extra care settings, to enable close contact visiting where possible. This welcome funding has greatly assisted in supporting the care sector and alleviate concerns regards viability due to the pandemic.
11. Workforce and the recruitment/retention of care staff remains the key challenge across the City. Alongside difficulties in recruiting staff, providers have in recent months had to contend with staff isolating etc. which has contributed to many providers facing staffing shortfalls, and been unable to recruit, to replace staff leaving the sector. This is a problem, not only facing York but across the region, as well as nationally, and a Regional Workforce Strategy is been developed supported by ADASS with the aim of developing an action plan for a regional strategy and sharing of approaches to tackle the current significant challenges

facing providers across all sectors of Adult Social Care in being able to recruit and retain sufficient numbers of staff.

12. Key areas of services have recently been tendered, these include the Neighborhood Home Care and Disabilities Frameworks which have enabled providers to submit rates which align with their business models and mean that they can submit rates that ensure viability and are at sustainable levels. With, inflation awards set to CPI, these will enable providers and the Council to plan financially over the period of the framework agreements.
13. The Council is working in partnership with the Independent Care Group and the VOYCCG regards the “Actual Cost of Care” in York. An independent report was commissioned in summer 2019 and undertaken in early 2020 but due to the pandemic, work to review the report was paused. The report reflected an immense amount of input and contribution from providers and it will be of value, providing useful information and intelligence to inform further discussion on the actual cost of care in York in the coming months.
14. However, the report highlighted some gaps in information, and there were areas of uncertainty in the findings. Furthermore, the landscape we now find ourselves in has changed dramatically since the work to compile the report commenced, over a year ago. The way in which services now operate has changed, and the requirements of both providers and commissioners have moved inevitably with the course of the pandemic. The report will provide a useful point of reference as we reflect on changed priorities, and we will take account of the information assembled in it to inform our approach to setting care fees with providers across the City and it will support our approach to ensuring a vibrant, sustainable and viable care sector in York.
15. The Directorate is looking at commissioning care home beds on a “guaranteed bed” basis across specialist care areas such as Dementia. Whilst there are care home vacancies across the City, these are often in residential homes which do not offer the support that individuals now require. To support providers seeking to diversify and provide encouragement and stability to so, we will be looking to tender for guaranteed placement contracts which will support provision, provide longer term stability in key areas and allow the Council to “manage the market” and it is proposed to adopt this approach in partnership with Health.
16. As identified in the existing risk assessment, ASC are currently updating their Market Position Statement (MPS) and have approached colleagues in the CCG regards the update been a joint statement. We will be giving providers a clear “steer” as to the future aspirations and services they Council wishes to commission and see developed within the City. The Statement will enable providers to plan and develop their business, ensuring that they are viable and able to meet the challenges over the next few years. Providers have the opportunity to develop services which meet the Council’s Strategic Agenda in this area. We will continue to seek and support partners who wish to develop care services across a range of areas within the City and future tender opportunities will be advertised through the Council’s tendering portal.

ANNEX B

17. The MPS will set out the strategic direction of Adult Social Care which will highlight the changing shape of the care sector. This will identify the need to diversify, possibly moving to a smaller range of larger and more modern care homes; the re-provision of the Council's last remaining care home; investing in care at home; looking to the voluntary sector to enhance its support through Home From Hospital; and short breaks services being given a greater focus, alongside increased use of technology. As the People Directorate becomes fully established, commissioning will increasingly operate an all age approach, and the MPS will begin to include intelligence about the strategic direction for children and young people's placement requirements and other types of support.
18. Within Adults Social Care, we are working with the care sector to review our commissioning models for long term care services and will be seeking to offer an increased number of contracts which guarantee business for partners to provide the appropriate complex care arrangements for our citizens. We will continue to adopt our "Home-First" approach and a model of "No permanent new placements from a hospital bed" and we will be looking for a partner(s) to support our Discharge to Assess arrangements
19. We have been mindful that if there were a provider failure and we needed to source urgent care and support which was not available via our existing provider networks nor through in-house care services, we need to look at what could be offered. This has unfortunately occurred in June 2021 and the Council assumed responsibility for the service delivery, offering the exiting providers previous staff employment into the Council's Personal Support Service. This has been at cost to the Directorate but ensured customers continued to receive the support they required.
20. The development of a sustainable model of home care is a priority for the Directorate and initial discussions have taken place across the system and with partners. This review will progress in late 2021 with the aim of implementing a programme of work to support provision, recruitment and retention of staff in 2022 including the re-commissioning of the home care delivery model.
21. There have also been developments with the regulatory body – Care Quality Commission (CQC). To better plan for the event of provider failure, they now operate the Market Oversight Scheme. This gives the regulator formal powers to regularly assess the business health of "difficult to replace providers" giving Local Authorities early warning of any likely failure so we can plan and prepare for possible changes.
22. Other factors that may contribute to a provider's failure to deliver services include quality, sustainability and providers operational and strategic business decisions. The Council's Market Position Statement and approach to supporting the sector through measures highlighted above will continue to support the local market to be viable and sustainable alongside progress been made in other areas.

23. The pandemic also highlighted the need for the sector and the Council to come together, more pro-actively than it has in the past and look to develop innovative ways of recruiting staff into the workforce. A successful social media approach resulted in recruitment into key areas during the pandemic and it is intended that this approach and success is built on further during the coming months and we work with providers in supporting a sector wide recruitment campaign.
24. The pandemic has also brought about much closer collaborative working across the system and especially with neighbouring local authorities and specifically across the geography of North Yorkshire and York. This has manifested itself in many ways including mutual aid through the use of designated beds across the City and county for people leaving hospital with COVID-19. This approach will ensure that we are making the best use of resources for the whole population and also building resilience further in the event of provider further.

Summary

25. Members will note the progress that has been made in providing continued and enhanced support to the care sector in what is a difficult and challenging period. Our providers, across the city, have been outstanding in the work, dedication and provision during the pandemic and we need to be able to continue to support the sector as they exit this challenging time. Providers are always receptive and appreciative of the support they receive and it is an approach, built on solid foundations, but very much a partnership.