

Audit Committee Meeting

Time: 2pm
Date: Thursday 24 October 2019
Venue: Edwards Room, County Hall

(Supplementary Agenda)

- 8 Addressing Risks in the Norfolk Care Market**
Report by the Executive Director of Adult Social Services.

Page **A2**

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To: Cllr Ian Mackie (Chairman)
Cllr Judy Oliver (Vice-Chairman)
Cllr Steffan Aquarone
Cllr Colin Foulger
Cllr Chris Jones
Cllr Haydn Thirtle
Cllr Karen Vincent



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Audit Committee

ITEM NO: 8

Report title:	Addressing Risks in the Norfolk Care Market
Date of meeting:	24 October 2019
Responsible Cabinet Member:	Cllr Bill Borrett (Cabinet Member for Adult Social Care, Public Health & Prevention)
Responsible Director:	James Bullion, Executive Director of Adult Social Services
Is this a key decision?	No

Executive Summary

One of the Audit Committee's roles is to consider the Council's assurance on the effectiveness of risk management. Risk management contributes to achieving corporate objectives and is a key part of the performance management framework.

This paper outlines the key risks and governance arrangements in place to ensure the appropriate management of the risks of market failure in the Norfolk Care Market.

The risks are managed at a departmental level, overseen by the Executive Director. This paper concludes that these current governance arrangements are robust and the mitigating actions are appropriately monitored and reviewed.

The report also outlines the findings of an exercise carried out in June 2019 to scenario test a market failure situation. The exercise identified that front line staff in both agencies were confident in using existing skills and knowledge to make safe arrangements for the transfer of service users and the coordination lead.

Recommendations

Committee Members are recommended to:

- a) Consider and agree the governance arrangements in place to manage the operational and strategic risks of market failure in the Norfolk Care Market, including from a quality assurance perspective are adequate and effective**
- b) Consider the existing and emerging key risk areas highlighted at the June 2019 risk workshop on the Norfolk Care Market**

1. Background and Purpose

- 1.1 The Audit Committee asked for reassurance on the risk management of the Housing with Care sector at an earlier meeting. Due to operational priorities the report was deferred with the agreement of the Committee Chairman. This paper now covers the issue of the risk of market failure in the wider care market in Norfolk.

- 1.2 It is recognised that there are national care sector risks that can impact on the stability of the local care market and this influences the likelihood and the impact of this risk:
- a) Recruitment and retention of care workers by providers
 - b) Increasing demand for care and support services
 - c) National and local decisions on funding of care
 - d) Competition and moderation in the local care market
 - e) EU Exit implications
 - f) The wider economic and business environment
- 1.3 Care market failure can be defined as a sudden large single provider failure (e.g. Allied Healthcare (winter 2018), All Hallows Healthcare Trust (spring 2019)) or simultaneous smaller provider failure, each having an impact on many people (>30) receiving a care or support service in Norfolk. Failure can be a result of significant financial, quality or regulatory concerns but for the purposes of this definition, it is to be regarded as not recoverable by the provider themselves or other support mechanisms available to them. In such cases the Council has duties under the Care Act 2014 in respect not only of those whose care it directly commissions at the time of the failure, but also to those who may be privately funded.
- 1.4 A table-top exercise developed by the Quality Assurance Team and hosted by the Resilience Team in June 2019 workshopped a scenario whereby three simultaneous care home failures were managed by responsible officers from the Council and Health. The exercise identified that front line staff in both agencies were confident in using existing skills and knowledge to make safe arrangements for the transfer of service users and the coordination lead.

2. Managing the risks in the market

2.1 Norfolk Care Market

- 2.1.1 The care market in Norfolk is the second largest in the Eastern region and is a mixed economy including national, regional and local providers, offering a wide range of services to thousands of adults whose needs vary significantly. The Market Position Statement 2019 provides a comprehensive overview of this market.
- 2.1.2 A report on the Market Position Update for 2019/20 will be going to Cabinet on Nov 4th 2019.
- 2.1.3 The Care Act 2014 (the Act) requires Councils to promote the effective and efficient operations of its care market in which there is a choice of high quality services. The Adult Social Care Annual Quality report 2018/19 sets out the Council's approach to securing quality services as required by the Act.
- 2.1.4 For a variety of reasons some businesses are no longer sustainable, and we are working closely with the market to ensure the providers are fit for purpose in terms of meeting future needs.
- 2.1.5 Proposals for a new provider representative body, the Norfolk Care Association, to be established in 2019/20, will provide the opportunity to further strengthen relationships between Adult Social Services and our providers so that we can work together to shape and support a sustainable Care Market in Norfolk.
- 2.1.6 Fulfilling statutory obligations becomes increasingly difficult against rising expectations and increased demand for services due to demographic changes such as more people living

longer, more people with dementia and an increase in the number of people living with more complex care needs.

2.1.7 Adult Social Services is responding to the increased demand for care and support through its Promoting Independence and Living Well strategies, which help people maintain their independence and remain at home for longer, reducing or delaying the need for formal care.

2.2 **Fee Uplift**

2.2.1 Running a care business can be highly challenging during a period of financial constraint. It is vital that care homes and other services are good quality for Norfolk citizens and that the price we pay to providers is fair and affordable. Inflationary increases form part of the budget planning process for the services. These are built into the medium-term financial plan. In 2020-21 cost pressures covering inflation, market pressures from national living wage and the second phase of costs of care for older people residential and nursing care totals over £13m.

2.2.2 In 2019-20 a cost of care increase for the older people residential and nursing care market totalled £2.9m. Total price increases of between 6.8% and 11.2% were agreed for this sector.

2.2.3 Core inflation increases for this financial year totalled £11.2m, covering price inflation and national living wage. National living wage increases totalled £5.7m.

2.2.4 Challenges related to the price the council pays for care in the medium term, include the continued increase in national living wage, fragility of the market and the impact of closures; workforce pressure and the resultant unmet needs in part of the county.

2.3 **Recruitment & Retention**

2.3.1 Recruitment and retention of care workers in the sector is a significant issue across the country as it is in Norfolk. The sector in Norfolk employs 27,000 care workers. Average annual staff turnover rate is 29.4% which is similar to the rest of the Eastern Region. Turnover rates of registered nurses in nursing homes are at concerning levels, at almost 40%. 26% are from the EU, so Norfolk has a high level of exposure to the effects of the UK leaving the EU. This picture is reflected across the UK, and in the NHS workforce as well as the social care workforce.

2.3.2 The Norfolk and Waveney Sustainability and Transformation Partnership (STP) is currently developing a joint health and social care workforce strategy for the system. NCC is also represented on the Norfolk and Waveney Trainee Nursing Associate (TNA) partnership which supports and encourages applicants from social care provider organisations to join the TNA Apprenticeship Programme supporting the grow our own approach to addressing the nursing workforce shortage in Norfolk.

2.3.3 The second National Social Care recruitment campaign (Lead by the Dept Health & Social Care) went live on Oct 16th 2019, and the department is supporting providers to engage with the campaign and incorporate the national resources and toolkits in their local recruitment processes as well as through the county wide Norfolk Care Careers jobs site.

2.4 **Brexit**

2.4.1 Of the possible implications of Brexit on the care market in Norfolk, the most concerning is the impact on the workforce. This and associated risks have been incorporated into the

Departmental Risk Register, and the usual departmental contingency processes. Cabinet considered the Risk Management Report, Risk RM022 (Brexit) on 2 September (item 15).

2.4.2 The Quality Assurance team has regular discussions with providers about their contingency processes and the department has also sent regular communication to providers directing them to the relevant Brexit information and government updates specifically for the social care sector, including the EU Settlement Scheme.

2.4.3 The department is also working closely with the Norfolk Resilience Forum to ensure the risks to the care market are incorporated into their contingency plans, and officers are participating in the Brexit Silver Group meetings and Association of Adult Social Services (ADASS) calls with Directors and Brexit Leads across the region. Officers have also attended several Brexit scenario planning exercises in recent months.

2.5 Governance and oversight

2.5.1 The risk (RM14247 – Failure of the Care Market) is managed and monitored as part of Adult Social Services departmental risk register. As such it is regularly reviewed by Senior Management Team, and the risk is owned by the Assistant Director - Workforce, Markets & Brokerage.

2.5.2 Given the score using the risk management matrix, financial and reputational damage are not considered to meet the criteria for a corporate risk.

2.5.3 The risks of potential failures are being effectively managed. There is capacity and resource to meet service needs and to fulfil the duties under the Care Act 2014.

2.5.4 Should the care provider landscape, care sector risks, financial risks change significantly then the governance of this risk will be revisited.

2.5.5 The Quality Assurance Team have made adequate preparations as part of risk mitigation.

3. Impact of the Proposal

3.1 The proposal demonstrates that the risks from the duties under the Care Act 2014 are being adequately managed at a departmental level.

4. Evidence and Reasons for Decision

4.1 The table-top exercise developed by the Quality Assurance Team and hosted by the Resilience Team in June 2019 workshopped a scenario whereby three simultaneous care home failures were managed by responsible officers from the Council and Health. The exercise identified that front line staff in both agencies were confident in using existing skills and knowledge to make safe arrangements for the transfer of service users and the coordination lead.

5. Alternative Options

5.1 No alternative options are proposed.

6. Financial Implications

6.1 The funding for these risk mitigations are covered within the Council's budget.

7. Resource Implications

7.1 Staff:

7.1.1 None identified

7.2 Property:

7.2.1 None identified

7.3 IT:

7.3.1 None identified

8. Other Implications

8.1 There are no other implications to report.

9. Recommendations

9.1 Committee Members are recommended to:

- a) Consider and agree the governance arrangements in place to manage the operational and strategic risks of market failure in the Norfolk Care Market, including from a quality assurance perspective are adequate and effective
- b) Consider the existing and emerging key risk areas highlighted at the June 2019 risk workshop on the Norfolk Care Market

10. Background Papers

- 10.1 [Adult Social Care Annual Quality Report](#)
[Adult Social Care Market Position Statement](#)
[Risk Management \(Cabinet report Sept 2019\)](#) p. 173
[Gov.uk advice - Actions for adult social care providers to prepare for Brexit](#)

Officer Contact

If you have any questions about matters contained in this paper, please get in touch with:

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