Annex C: final market sustainability plan template

Section 1: Revised assessment of the current sustainability of local care markets
a) Assessment of current sustainability of the 65+ care home market

65+ permanent care home market in Halton consists of 13 care homes, operated by 7 providers currently providing a total of 647 beds. Of these Halton BC operate 4 care homes totalling 172 beds (27% of beds). The COC exercise received submissions from 8 homes covering 433 beds (excluding HBC and one single site provider). The size of the submitting homes varies with 1 national provider operating 3 homes /159 (25%) active beds, 1 provider operating 2 homes (127 /20% total beds), 3 providers own single sites ranging from 30-68 beds (together totalling 145 beds /22%).

Regionally, Halton has one of the lowest levels of residents in the North West admitted by the Council to residential and nursing homes. Whilst vacancy levels for residential and nursing beds fluctuate with levels of demand, COC submission data finds that average occupancy as a percentage of active beds was 82%. This is in line with national CQC data. Most homes provide more than one service. All of the nursing and enhanced nursing provision is delivered across 6 homes, 3 owned by Halton BC and 3 by one national provider. There are 7 homes offering Residential (without nursing) and 7 homes offering dementia residential without nursing. There is sufficient geographical spread, within a relatively small borough. There are circa 60 Halton older people with council funding in homes outside the borough, the majority in adjacent authorities. Overall current capacity will need to increase to meet projected demand particularly in relation to care homes for people with dementia

Across all care services, Halton users report above regional average satisfaction with the amount of choice they have for their care and support (72.2% 'I do have enough choice' compared to regional average 68.5%). There have been no home closures in the past 2 years.

CQC ratings show 46% of older people's homes are rated as requires improvement. And 46% as good. Monitoring of performance and quality is undertaken by a team at HBC, including compliments and complaints and there are no concerns as to the overall quality of care provided (less than 1% of service users registering a complaint across all services). User satisfaction ratings (aggregated for all care services) of 65+ age group report higher than regional average levels of satisfaction.

Current fee rates were uplifted by 6% from April 2022. Fees are: Residential £497.20; Residential with Dementia £601.17; Nursing £542.40 (+ FNC); Nursing with Dementia £637.33 (+ FNC). Providers highlight that these rates are challenging in managing the financial costs (workforce and inflation) and the dependency needs of people in care homes and are significantly different to the figures submitted on the tools (not withstanding data return issues). The average impact of the National Living wage changes is estimated at 7%, in line with inflationary projections built into returns in most cases. The planned fee increase for 23/24 is 12% across all care homes

Services are currently commissioned on a SPOT purchase basis, with all homes in the borough signed up to a contract with the council. There is currently no block purchased bed capacity.

Care England reported that nationally 95% of care providers were struggling to recruit staff, and 75% were struggling to retain their existing staff (Dec 21). This is reflected in a challenging local market with latest data provided by Skills for Care showing that there are 150 jobs vacant within the adult social care sector in Halton (5.5% of the total jobs). Skills for Care estimates that the staff turnover rate in Halton was 22.3%, which was lower than the regional average of 28.4% and lower than England, at 29.5%.

In summary**,** recognising the relatively small market there will need to be an increase in the capacity for people with dementia and ongoing work to improve the quality in the existing provision. The gap in the providers reported cost of care against current fees, inflationary

pressures and challenges in workforce availability suggests a difficult operating market, reflected in some anecdotal reports from providers during the exercise. The impact of the delays to the charging reform are difficult to assess as the vast majority of people living in care homes in the borough have some level of council / NHS funding and a number of self funders already have their care organised and funded through the council.

b) Assessment of current sustainability of the 18+ domiciliary care market

Sufficiency of supply and diversity

Halton has one, large national provider of domiciliary care operating across the borough providing 6184 hours of support per week commissioned by HBC each week to an average of 506 service users. A total of 391,253 direct care hours are delivered per annum. The position of having a single provider developed in 2017 as a result of an active commissioning strategy following significant underperformance in the market. The provider has one sub-contractor. There are high levels of direct payment users in the borough. The current provider is stable, fulfils the contractual requirements, has a 'good' CQC rating and local monitoring has not identified any concerns or challenges of note.

Using the return from the COC exercise the identified cost per hour for provision of domiciliary care is £21.41 based on financial year 21/22. There is currently a £4.41 difference in cost to income per visit, based upon 21/22 figures. Using estimated inflation for 22/23 this increases to £23.05 per hour. The fee rate was uplifted by 6% in 22/23 and a planned uplift of 10% in 23/24

In line with the national picture Halton is experiencing significant challenges with its care workforce. There are currently a number of vacant roles with the provider undertaking significant recruitment activity and up to 50% of staff reported as agency.

In summary the gap between current hourly rate paid by HMBC and the cost of care identified in this analysis is significant at over £1.4 million, higher when estimating inflation for 22/23. Declared operating margins are broadly in line with expectations. The current priority remains addressing workforce challenges in order to best meet the needs of people requiring care.

Section 2: Assessment of the impact of future market changes between now and October 2025, for each of the service markets

It is difficult to analyse how the changes in demography, national policy, user expectations and the economic state will impact on the local market over the next 30 months. We expect to see continued challenges in workforce recruitment and retention as outlined in section 1 continuing in the next 2 years. Whilst improvements to recruitment practices can be made, this cannot solve all of the sector's problems with many of the underlying problems relating to low pay and terms and conditions for workers. The information submitted by providers for the 'fair cost of care' does not significantly impact on pay and conditions, merely keeps level with the national minimum wage despite the declared significant financial increases identified.

As with many areas across England and the UK, Halton is experiencing a decline in the population of under 65's, but an expected increase in the population of over 65s. Analysis suggest that an estimated additional capacity of 21 non dementia beds (14 without nursing, 7 with nursing) and 33 specialist dementia beds (19 without nursing, and 14 with nursing)) will be required by 2025; a total of 54 additional beds. Maintaining the policy objective of 'home first' whilst successful in the borough does demonstrate a significant increase in demand for domiciliary care in terms of numbers of people and volume of care per person as well as the demographic impact. Applying the anticipated population growth in the 65+ age group (between 2.35 and 2.20% across the next 3 years) this change would necessitate an additional 27,744 hours of domiciliary care per annum by 2025.

Returns from care home providers indicated a high level of expected inflation uplift in the current data across spend categories with staffing inflation between 5-7%, utilities 57.5%, insurance

44.5% and travel 15.9%. Applying Bank of England forecast inflation rates into the future continuing to add significant pressure to the cost of delivering care with average weekly fees (excl ROO/ ROC) rising to £1166 per week for dementia nursing, £984 for nursing, £739 without nursing and £724 dementia residential by 2025.

Domiciliary care is partially shielded from inflationary costs (eg. utilities and food) and the provider's localised staff strategy (with most appointments attended on foot) means the travel cost inflation and environmental impacts are also more contained. Despite this we can still anticipate some inflationary pressures which have been mapped based on a combined figure for the previous two quarters (actual) as reported by the Office for National Statistics and projected inflation as forecasted by the Bank of England. This would be 9.85% in 2022, 9.6% in 2023 and 2.58% in 2024 (as at August 2022). Considering recent economic conditions, the anticipated inflation figure may remain higher than originally projected for 2024.

Taken with anticipated demand this would require an additional £1.623 million – a total of £3 million additional investment above the current expenditure by 2025.

The total number of self-funders identified in the cost of care exercise data return for 65+ care home provision was 37, 10% of the total occupied beds (355 'occupied' not 'active'). This is in line with previous local analysis and significantly below the national average estimated at 35% (ONS).

Section 3: Plans for each market to address sustainability issues, including fee rate issues, where identified.

(a) 65+ care homes market

Plans have been developed to align with broader strategies including One Halton Health and Wellbeing strategy, Halton Carers Strategy 2020, Halton's dementia strategy (currently being revised) and Halton Adult Social Care Workforce Development Strategy 2021-2023, Social Care Market Position statement (2018- due for refresh), Living Well, Ageing Well data sets and using data from the Local account 2021. COC returns were received from 89% of in scope providers. A number of conversations with providers to clarify data returns have also taken place and discussion sessions offered to all providers.

Halton Borough Council will follow it's fee setting process with all providers willing to engage and with due regard to:

- Consideration of current and likely future demand for services
- Sustainability of the market
- Fostering improvement in the market
- Quality and quality improvement
- The costs of care including the duty to pay the national living wage and provide training and development of staff
- How the market is currently operating
- Engagement with providers

The fair costs of care funding in 22/23 was used to inflate the fee rates by 6%. There are key areas to ensure outcomes for those who receive care. Ongoing work with providers and market analysis has identified key areas that investment will focus on:

- Pay, terms and condition of staff – with the aim of meeting the Living Wage Foundation rates
- Career pathways and development to maintain and improve skills and increase the attractiveness of care careers
- Recruitment and retention to provide more consistent and stable provision
- Inflationary pressures

The main investment vehicle will be through raising fee rates over the next 2 years. For 23/24 this will be 12%. Fee rates for 24/25 will follow the fee setting process which will incorporate changes in policy and the economic conditions

Further actions

- Strategically there will be a continued emphasis on providing care at home and building capacity within community based services to best meet individuals' needs. This includes development of alternative service provision such as extra care and supported older people's housing (current extra care capacity 144 units). Further consideration of alternative models of delivery and opportunities for innovation will be explored as part of meeting the challenges outlined in this report.
- Continuation of The Care Home Development Project which is a long term holistic project approach to a number of interrelated market issues (including quality, resident wellbeing, systems development, collaboration and workforce development)
- Long term work collaborative work with the wider Integrated Care System to develop preventative models of care that: i) focus on keeping people healthy, independent and out of residential care for longer ii) maximise the opportunities of remote healthcare monitoring and advances in technology .Exploring the potential development of the direct payment approach and look to remove unnecessary barriers, potentially enabling residents to stay independent for longer by accessing carer support from within the existing community
- Development of a borough social care workforce plan in 23/24

During 22/23 the Adult Social Care Discharge fund was used to support existing capacity to ensure timely discharge from hospital. For care homes staff incentive payments were made for care homes with dementia as this area was identified as a key to reduce length of stay. Intermediate care and transitional bed capacity was also expanded and this will continue in 23/24. The authority has been working to increase the range of care home's with digital social records and will continue this work over the next 2 years

(b) 18+ domiciliary care market

Plans have been developed to align with broader strategies including One Halton Health and Wellbeing strategy, Halton Carers Strategy 2020, Halton's dementia strategy (currently being revised) and Halton Adult Social Care Workforce Development Strategy 2021-2023, Social Care Market Position statement (2018- due for refresh), Living Well, Ageing Well data sets and using data from the Local account 2021. A number of conversations with providers to clarify data returns have also taken place and discussion sessions offered to all providers.

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- How the market is currently operating
- Engagement with providers

The fair costs of care funding in 22/23 was used to inflate the fee rate by 6% with a further planned increase by 10% in 23/24. Significant investment in 22/23 to support the cost differential

of the use of agency staff within the sector has maintained capacity to support hospital discharge and flow through short term Reablement and Intermediate Care bed capacity. This will continue in 23/24

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- Recruitment and retention to provide more consistent and stable provision
- Inflationary pressures

The main investment vehicle will be through raising fee rates over the next two years

Further Actions to support market sustainability

- Assess the potential for the development of a new commissioning framework for domiciliary care to encourage an approach to diversity in service provision without destabilising the market to be explored (2024/25).
- Continuing with priorities identified in the Transforming Domiciliary Care (TDC) Programme, put in place with the aim of delivering modern and sustainable provision of domiciliary care in Halton