

Annex C: Final market sustainability plan template

Stockton-on-Tees Borough Council

Section 1: Revised assessment of the current sustainability of local care markets

a) Assessment of current sustainability of the 65+ care home market

The market for older people residential care in Stockton-on-Tees remains one of contrast: whilst older people care home providers are delivering good quality in the main, the market has too many beds for our local population needs which is impacting on overall occupancy, service improvement and viability of some homes.

Residential Homes

- 16 Care Homes with 817 beds
- 81% Care Homes “Outstanding” or “Good” with CQC
- 86% Average occupancy across all Care Homes rated “Outstanding” or “Good”
- 81% Average occupancy across all Care Homes rated “Requires Improvement”

Nursing Homes

- 2 Nursing Homes with 69 beds
- 50% Nursing Homes “Outstanding” or “Good” with CQC
- 97% Average occupancy across all Nursing Homes rated “Outstanding” or “Good”
- 70% Average occupancy across all Nursing Homes rated “Requires Improvement”

Residential and Nursing Homes

- 12 Care Homes with 691 beds
- 59% Care Homes “Outstanding” or “Good” with CQC
- 83% Average occupancy across all Care Homes rated “Outstanding” or “Good”
- 71% Average occupancy across all Care Homes rated “Requires Improvement”

Source: SBC QuAD Jan 2023

Stockton-on-Tees has 30 care homes providing permanent residential and nursing care for over 65s, offering 1577 beds. We had a slightly reduced volume of beds under contract than reported in October 2022, following the closure of one residential home in February 2023. With 19% vacancies for residential and nursing care¹ (although there are some significant outliers across the market with 5 homes with greater than 92% occupancy and 7 homes with 30% or more vacancies) whilst we are not a significant outlier across the North East, we do recognise for some providers the level of vacant beds represents a significant business challenge.

¹ Using January 2023 Council (QuAD) information

The supply of nursing accommodation, whilst sustainable, is moderately less in terms of volume than residential.

As a small borough, there is little locality pressures on placements and choice for people accessing residential services, other than there being no nursing provision in the Billingham ward areas.

Overall quality, when compared to the national averages for 2022, demonstrates a lower percentage of Stockton residential and nursing homes have been awarded good or outstanding rating by CQC. Although we acknowledge this is in part due to the new “risk based” approach to assessment CQC is adopting our internal quality assurance assessment using the Provider Assessment Market Management Solution (PAMMS) highlights for 2022/23, 30% of care homes saw an overall reduction in their ratings, with only 1 home improving their score from 2021/22. Overall, the Council has assessed 57% of homes as good or excellent (compared with 87% providers being assessed as good or excellent in 2021/22)

The current older people care home bed supply remains greater than the market requires. The number of people over 65 accessing long term support in nursing or residential care (following a Care Act assessment) has remained relatively static since 2018, with 285 new permanent placements in 2021/22, consistent with previous years (average placements 2015-18 prior to COVID were 289 per year). However, during 2021/22 there have been 249 people leaving residential care (again, consistent with 2015-18 average) resulting limited growth in overall occupancy for permanent care home placements.

Older People’s residential care is a “big ticket” cost item for the Council (2021/22 annual gross spend on older people’s care homes in scope of the review is £25.5m): the Council has worked with the market to understand fees and the sustainability of the market over the past few years. This has included a review of the fee (based on an actual cost open book process) in both 2017 and 2020. In addition, on the back of care home provider consultation in 2019, the development and procurement of a new Older People Care Home Framework (2020 – 24) which included a revised dependency aid (incorporating a new standard and complex fee rate) plus a specific condition (market sufficiency assessment) which we agreed to undertake and remove some providers from the framework to drive up overall occupancy. The market sufficiency assessment process was implemented in April 2022 for the first time and 4 care homes were removed from the framework. Whilst this is having a positive impact (occupancy has increased to 82% overall for residential, 80% for nursing), it will take some time to get towards a sustainable level of average occupancy.

Through engagement with the local care home market during 2022/23, providers have raised the impact current market conditions are having on their delivery of accommodation and care. Specific issues highlighted through engagement and in detail through the Cost of Care exercise include recruitment and retention, and the impact of current inflationary pressures (including National Living Wage increase and cost of gas and electricity).

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

The 18+ domiciliary care market (referred hereafter as home care) represents a challenging dynamic of supply and locality pressures to meet current and future demand.

Lot 1 : Home Care for older people and dementia

- 1213 People supported June – Aug 2022
- Over 82,155 hours of care delivered June – Aug 2022
- £7,956k gross spend per annum 21/22

Lot 2 : Home Care for Adults with a Learning Disability and;

Lot 3: Specialist Home Care for complex needs

- 97 People supported June – Aug 2022
- 19,676 hours of care delivered June – Aug 2022
- £2,283k gross spend per annum 21/22

There were 23 registered home care providers in scope for this review, although the Council currently has 26 providers on its Care at Home Framework (1 large, commissioned provider exited the market in February 2023), who deliver home care services for older people, people with dementia, learning disabilities and mental health.

Of those providers on the framework, 96% who have a current CQC rating were assessed as good or outstanding. In addition, using the Council's PAMMS assessment for those services that had been assessed in 2021/22, 89% were assessed as either good or outstanding. Both these outputs reflect the quality of the local provider market.

The home care contract for Stockton-on-Tees is broken down into 10 geographical areas (for older people and dementia) and 2 areas (for learning disabilities). Within each area there will be a primary provider who is also designated as the secondary provider for a neighbouring area, to support if there are any delays in the primary picking up referrals. This model was developed in partnership with providers in 2017, to reduce the travel burden on carers and ensure greater consistency of carers for people accessing these services. With the support of a rapid response service, to ensure people are not left without care and support, this model has worked well. However, due in part to the impact of COVID and wider market pressures, we are now experiencing greater challenges to deliver the consistency of care and support because of:

- Recruitment: This is a problem for all providers, but is particularly acute in some localities in Stockton-on-Tees (e.g. Ingleby Barwick and Yarm), where providers are unable to recruit sufficient carers to meet demand and the expectations around the timing of scheduled calls;
- Availability of carers: In the more rural areas of Stockton-on-Tees and packages that need two carers on a call; and
- Impact of fuel costs on the recruitment and availability of drivers.

Over the last 6 months, the Council has managed 180 requests where both the primary and secondary provider are initially unable to pick up, due to difficulties in recruiting staff. The rapid response service has allowed these care packages to be delivered in the short-term and be subsequently transferred within a 2 to 3 week period, to either the primary or secondary provider.

As with care homes, the home care market, is facing additional challenges from the current inflationary pressures (including National Living Wage increase), specifically recruitment and retention of care workers, cost of fuel and general inflationary pressures (gas and electric costs of the registered office) . The impact on the market, however, is more acute and immediate than for care homes.

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

With the current information available to the Council, we anticipate the following as being the key pressures and areas for consideration over the next 3 years:

1. **Future demand:** Projecting Older People Population Information System (POPPI, <https://www.poppi.org.uk>) estimates the growth in the care home population, for people over 65, to 2025 at 11% (approximately 160 people based on POPPI figures), however, evidence from previous research and projections based on local trend data from 2015 suggests that the market will potentially reduce by up to 9% by 2024. On this basis (and reflecting on the static market we have seen since 2015) we are projecting no growth in the residential and nursing market over the next 3 years.

For home care, POPPI and Projecting Adult Needs and Service Information System (PANSI, <https://www.pansi.org.uk>) estimates the growth in the home care population, for people over 18, to 2025 at 10% (approximately 1,000 people based on POPPI and PANSI figures). Our local assessment of community support for purchased through commissioned and via a direct payment suggests that the growth in the market will be significantly lower than this, with a projected growth of 1% in volume over the next 3 years. On this basis, we are projecting a moderate growth of 1% in the home care market over the next 3 years

2. **Complexity:** There is strong anecdotal evidence that, irrespective of the change in volume of service users, the “complexity” of people accessing services is increasing because of co-morbidities, expectations of people and their families or behaviours that challenge (which can include alcohol dependency, hoarding, etc).

In addition to the pressure on staff and the level of competency and training this requires to support people with greater needs, there is also operational pressure on providers. Services need increased capacity for management oversight, more engagement and work with primary and secondary care and the impact of reduced length of stay.

3. **Cost of Care (Fee Gap):** The median costs of care, as identified through the Cost of Care exercise highlights a differential to current care home and home care fees is available at <https://www.stockton.gov.uk/Paying-for-adult-social-care>. The process for 65+ care homes and 18+ home care was very different, in the way provider engaged with the Council, data was validated, and results produced. For 65+ care homes, for example, prior to the Cost of Care exercise, the Council had completed an open book accounting exercise as part of the 2020-24 framework and had re based the fees. Although it was too old to use to inform the Cost of Care exercise as prescribed, the Council feels the results of this process were more accurate, transparent, and reflective of actual costs. We have, and continue to use this evidence, to inform current and future fee rates as part of the 2020-24 contract.

The Council will need to consider the median figures and underpinning data, with respect to partnership working with providers, wider support in partnership with health and economic development, informing future fee reviews, within the term of the current contract and any future tenders and frameworks. This process will need to reflect the Government's decision that the planned adult social care charging reforms are now delayed until October 2025 (the Cost of Care exercise was predicated on the introduction of clause 18(3) and since this has been delayed, the median costs will no longer reflect the market reality of Council funded and private / self-funding residents).

4. **Workforce Supply:** There continues to be significant challenges in sourcing, recruiting, and retaining good quality care staff in both the home care and older people care home market. There is evidence of existing carers also leaving the sector entirely. This currently impacts on home care providers' ability to accept new referrals and meet their existing obligations under contract. Providers have identified they are all competing for the same workforce and between different council areas who offer different fee rates, allowing carers to be paid more in some localities than others.
5. **Capacity in Older People Care Homes:** Although the market sufficiency assessment within the current contract is making a positive impact into improving average occupancy, because we currently operate at 82% across the homes, this represents a continued challenge to the stability of the market at this time. This will be subject to further assessment in year 4 of the current contract and will be consulted as part of the next steps for a new framework to commence from April 2024.
6. **Capacity in 18+ home care provision:** Although providers are actively recruiting, there are insufficient carers to meet current demand leading to a shortfall in the service capacity to meet requirements (one provider identified they recruited 57 new carers in a 3-month period but lost 58 existing). This is most acute in the general older people home care service, in particular:
 - 6.1. localities in Stockton-on-Tees, where providers struggle to recruit, or it requires greater travel; and
 - 6.2. those people with complex needs, where a specialist team would need to be recruited for the person needing support.

Whilst the service will be re-commissioned in September 2024 (and work is progressing to ensure that we can address some of the challenges in the market in the new framework), the current challenge to deliver the service over the next 18 months remains.

7. **Quality of Care:** The ratings for the care market in Stockton-on-Tees by CQC highlights a clear split between residential care and home care. A lower proportion of residential homes (70%) are achieving good or outstanding through CQC assessments (as of February 2023) compared to the national picture at the end of 2021/22 (83%)² but for home care providers actively delivering support for the Council, providers are performing much better than the national average (96% good or outstanding in Stockton on Tees compared to the national average of 87%). The Council will need to adapt to the CQC's new inspection regime, based on a more flexible, risk-based approach (as set out in their new strategy "*A new strategy for the changing world of health and social care*"), and ensure the local infrastructure is able to support care homes, in particular to respond to the operational and

² CQC State of Care 21/22

organisational challenges that is impacting on their ability to demonstrate good care and support.

8. **Integrated Care System (ICS):** The North East and North Cumbria ICS will establish a local partnership, bringing the NHS together with other key partners (including local authorities), overseen by the Integrated Care Board (ICB). The ICS offers potential for more effective partnership with the NHS and social care and an opportunity to develop joined-up, personalised care. How effectively we work in partnership with the ICS and as part of the Integrated Care Partnership (ICP) will be essential to develop the future market successfully. This will include consideration of the over 65 care home (with nursing and complex nursing) funding gap highlighted in the table above and how the ICB will address this from 2023.

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

The Council is committed to addressing the challenges in the market with an emphasis on ensuring we retain a focus on the person receiving care and support. The assessment of the market and FCoC exercise is underpinned by the Adult Social Care Strategy 2021-2025 ([Adult Strategy 2021-2025](#)).

Furthermore, the current Market Position Statement (2019-22) identifies 2 key priorities that support the assessment in the MSP:

- To work with the care home market to manage the supply of care home placements that will meet anticipated demand but allow for a sustainable market across residential / nursing care.
- Develop a home care offer that integrates latest innovation in digital technology to deliver an effective and sustainable model of home care support.

a) 65+ care homes market

As part of the development of these outline plans, the Council has engaged with providers through a range of fora, including Cost of Care engagement events and regular provider forum meetings. These conversations will continue into 2023/24 as part of our commitment to working in partnership with the provider market in Stockton-on-Tees.

1. **Funding Prioritisation:** The plan for 2022/23 is to provide an additional inflationary increase for November 2022 – March 2023 (above our usual annual fee review) using part of the allocation for this year, to mitigate against the remaining inflationary factors include other supplies and services such as food and consumables.
2. **Commissioning:** In respect to the existing oversupply of older people residential provision, the Council, in conjunction with partners (ICB, Foundation Trusts, TEWV and Providers themselves) will work to support further rebalancing of the provision. This will reduce supply in older persons care and support and increase in provision on care for adults with mental health needs, learning disabilities and physical disabilities through the re-tender of the Older People's Care Home Framework in 2024, re opening of the Learning Disabilities Residential Care Framework in late 2023 and development of a new framework for mental health needs in 2023.

3. **Market Support:** The Council will review, with providers and key stakeholders, the opportunities for local market efficiencies, in areas of business care providers have identified, as representing a significant cost to their daily operations, including (but not limited to) staff training, equipment and recruitment (the Council has worked closely with the market over the past 12 months to develop a care academy model to support recruitment and retention of care staff).
4. **Market Management:** The requirement to ensure there is sufficient capacity and effective systems in place to ensure people are able to be assessed and their needs and support tracked, to deliver the market oversight required remains. Because of section 18(3) duties have been postponed, the Council will continue to work with the market management and collaborate both at a “place” level and through Provider Collaboratives, as part of the ICS, to maximise the opportunities and advantages, through joint working with health and VCSE partners.
5. **Technology:** In addition to the introduction of individual care accounts, the Government has set out a vision for how technology can be a successful enabler, to ensure people in care homes are supported to live independent lives. The Council is actively working with the ICS and 65+ Care homes to deploy the electronic social care record, NHS Mail and expand solutions to improve the wellbeing and safety of residents (acoustic falls sensors, for example).

b) 18+ domiciliary care market

As part of the development of these outline plans, the Council has engaged with providers through a range of fora, including Cost of Care engagement events, regular provider forum meetings and 1:1 contractual and service design meetings. These conversations will continue into 2023/24 as part of our commitment to working in partnership with the provider market in Stockton-on-Tees.

1. **Funding Prioritisation:** The plan for 2022/23 is to provide an increase in funding to allow providers to increase carer pay to the proposed 2023/24 NLW figure from December 2022, based on feedback from consultation with providers, to stabilise the recruitment and retention of care staff over the challenging winter period.
2. **Commissioning:** The current home care contract is due for re-commissioning in October 2024, through which we will look to address some of the market challenges we face currently and in the future. This will include how we fund and support travel for carers, carers pay and the specific issues faced for some of the more rural areas and localities, where it is more difficult to recruit care staff.
3. **Market Support:** The Council will review, with providers and key stakeholders, the opportunities for local market efficiencies, in areas of business care providers have identified represent a significant cost to their daily operations, including (but not limited to) staff training, DBS costs and recruitment (the Council has worked closely with the market over the past 12 months to develop a care academy model to support recruitment and retention of care staff). To support this process, the Council will continue to support the development of fora that enable providers to share ideas and good practice and inform positive change across the home care market.

4. **Market Management:** Collaboration both at a “place” level and through Provider Collaboratives, as part of the ICS, to maximise the opportunities and advantages, through joint working with health and VCSE partners.
5. **Technology:** In collaboration with providers and other key stakeholders, we will look to further invest in the potential that enabling technology can offer the home care market, including activity monitoring software, medication management technology and care & support planning solutions.