

## **Stoke on Trent City Council**

### **Appendix 1: Market Sustainability Plan**

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

##### **Introduction**

Demographic trends in Stoke on Trent identify an increasing proportion of older people as part of the total population, and, as people age, while more residents are living longer, they are living with a greater number of health and social care needs.

Between 2022 and 2040, the number of people aged 65 and over in Stoke-on-Trent is expected to increase by 22.9%, from 45,548 in 2022 to 55,998 in 2040.

By 2040, there will be an additional 10,450 residents aged 65 and over living in Stoke on Trent. The over-75s' will increase by 7,370 individuals. This increases the complexity of care and the kind of support required.

Older people constitute a substantial component in the city's population growth, and the majority of older households tend to be concentrated together and often located on the periphery of built-up areas, especially in Stoke and Hanley.

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

###### **Sufficiency and diversity of supply**

Stoke on Trent has 38 Older People's care homes across the city; 13 provide nursing care and 25 provide residential care. Of the 1,686 registered beds:

- 891 residential beds
- 795 nursing beds

Overall while there are currently sufficient beds per head of population, there is an oversupply of general residential beds and not sufficient nursing beds to support older people with more complex care needs and challenging behaviours.

On average 47% of the available beds are commissioned by the City Council; the rest are taken up by 'other' placements:

- CHC spot funded placements – around 20% of nursing beds in any year
- D2A Beds – 51 nursing beds block contracted (just over 6% of nursing beds) plus spot D2A placements commissioned by the ICB to support Pathway 2
- Other local authorities – notably Staffordshire County Council
- Around 22% of the care home resident population are estimated to be Self Funders
  - Based on the figures above it could be estimated that there are around 370 people self-funding their care within residential homes in Stoke on Trent

Homes generally are smaller than financially ideal (optimal 60 beds+) and these homes are not purpose built and often in older accommodation.

Three homes have closed over the last three years (2 nursing and 1 residential), although in two cases the buildings have been acquired and redeveloped to re provide nursing care and refurbished accommodation in 2022.

It is imperative to ensure any exit from the market is managed carefully to ensure any moves are planned carefully and that people continue to receive the care and support that they require; there are established processes to ensure this in Stoke on Trent.

Vacancy levels post pandemic have dropped significantly with on average 86% of residential beds occupied although 95% of nursing beds are occupied. 6 residential homes are currently running at less than 80% occupancy.

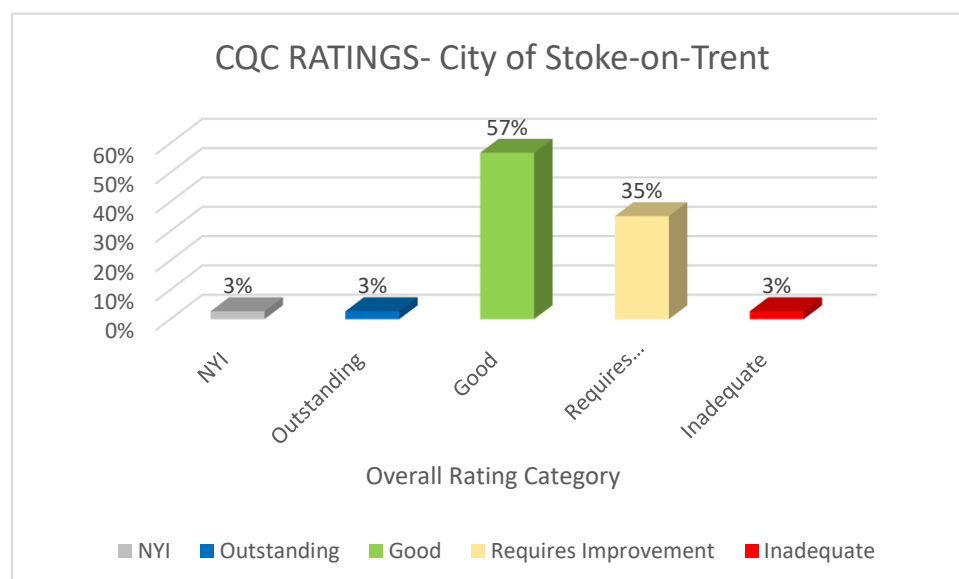
It takes longer to source services that will support people with the most complex needs, including people at high risk of falls and people with dementia. This gap will be flagged within our revised Market Position Statement with system wide work being undertaken to identify the service models needed.

Nursing home providers however are aware that the City Council has fewer options when commissioning nursing' placements, and so negotiate accordingly.

There are a small number of operators with a national or regional footprint but in the main, most homes are small local providers.

### Quality of provision

The percentage of care homes that 'Requires Improvement' at 35% is much higher than both the national and West Midlands average.



**Table 1 CQC Ratings Stoke on Trent Care Homes**

The internal quality RAG rating is broadly in line with CQC ratings, and there are some concerns with the financial viability of a small number of residential home give current occupancy levels.

Actions being undertaken to assess and improve quality in care homes includes escalation for enhanced support when quality is a concern with increased clinical oversight, as well as more general support provided to Registered Managers through fortnightly Provider E Bulletins and provider forums.

Additional specialist advice and support through the Infection Prevention and Control Team is also offered, with each care home having an infection control audit annually.

### Current fee rate coverage

A comprehensive fee review in 2020 was undertaken and new price bandings for residential and nursing care were established in July 2021, with a range linked to assessed need/criteria.

While these new bandings have worked relatively well for residential beds, nursing beds are often above the maximum of band and as such Brokerage and Operational Social Work teams are required to submit cases to a Panel for approval and ensure that the City Council is not routinely having to pay a top up, understands providers costs and can demonstrate VfM.

Current bands and rates can be seen in Table 2.

	Care Home with- out Nursing Top Band 1	Care Home with- out nursing enhanced needs Top Band 2	Care Home with nursing Top Band 3 Excl FNC	Care Home with nursing enhanced needs Band 4 Excl FNC
<b>21/22 prices</b>	£550	£610	£700	£700
<b>22/23 prices</b>	£580.25	£643.55	£738.50	£738.50

**Table 2. Current bands and rates**

Current median costs paid for placements as at January 22/23:

- Residential = £553.88
- Enhanced Residential = £592.08
- Nursing exc FNC = £733.23
- Enhanced Nursing exc FNC = £876.01

The majority of our current Nursing Band 4 placements, (Enhanced Nursing), with the exception of “legacy” placements<sup>1</sup> are above the current band of £738.50 per week.

Band 4 nursing placements are difficult to secure at current rates and generally placements are secured at £900 – £1000 per week plus FNC, some are in excess of that and include elements of additional 1:1 support where this is required.

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<sup>1</sup> Legacy placements are the costs of placements made prior to bandings being implemented July 2021

More recent new developments i.e. nursing homes that have opened in 2022 have been unwilling to accept placements at the City Council's current standard fee rates (Band Prices) due to their higher capital costs.

The low rate of returns relating to nursing homes submitted through the Fair Cost of Care exercise (3 from 12 providers in scope) and the inability to differentiate between nursing and enhanced nursing median costs as a consequence has resulted in the City Council undertaking further benchmarking and securing additional intelligence to inform local fee setting.

### **Workforce**

There are significant workforce pressures in relation to recruitment, but the residential care market is slightly more stable with no travel and guaranteed hours/fixed shifts available to staff.

As part of the Market Sustainability exercise the City Council commissioned Skills for Care to undertake a Workforce Survey to better identify the recruitment and retention challenges locally.

24 returns were received from Registered Managers across the 65+ Care Home sector, and the responses relating to recruitment and retention included:

- Better pay outside the care sector (92%)
- Better pay inside the care sector (46%)
- Impact on individual benefits payment (38%)
- Public perception of working in social care (38%)

Managers were asked if there were any roles they found difficult to recruit to; many care home managers said it was all roles; some referred to particular levels (e.g. senior care worker) and others talked about specific skillsets or types of positions they were trying to fill e.g. domestics, senior care workers, admin staff etc.

Roles identified as difficult to recruit included nurses and senior care staff, with increased use of agency staff to cover shifts, especially nights. A small number of care homes have been successful in recruiting staff from overseas.

While turnover seems less of an issue for Care Homes locally, the ageing demographic will mean that future recruitment will become more of a challenge, and the ability to offer staff pay at a competitive labour market rate is not part of the current median construct with very few providers currently paying much above National Living Wage.

Other notable concerns flagged by both managers and staff in the survey relate to "post pandemic" burn out and the impact the media has had on the sector resulting in social care being seen as a much less attractive option.

### **Self-Funders**

Like many areas, the City Council does not have a comprehensive picture available regarding local self-funders that have chosen to broker private arrangements, including the price they have negotiated.

These private arrangements are believed to be typically higher than the Council's usual price paid, with some nursing providers quoting £1200 per week exclusive of Free Nursing Care as a self-funder rate.

### **Increasing Costs**

Provider feedback throughout the course of developing and finalising this Market Sustainability Plan and working with Staffordshire Care Association (SARCP) which represent Care Providers across Stoke on Trent, has confirmed major concerns around a range of current inflationary pressures including rising energy costs, insurance premium costs and food costs.

Energy costs are routinely one of the largest non-staff costs, and use of energy to keep vulnerable people warm will mean significant increases in costs. The Fair Cost of Care review highlighted the significant impact that energy price increases were having on the cost per resident per week for providers.

Analysis undertaken by Knight Frank and reported in Care Homes Trading Performance Review 2022, calculate a combined increase in gas and electricity of 497%. Some providers reported no increase as they were still covered by longer term contracts but other saw increases of c500%.

Care providers must purchase their energy via the commercial energy markets and most commercial energy contracts are for fixed terms of 12 to 24 months. With the significant increase in Energy prices starting around the time of Russia's invasion of the Ukraine in Dec 2021, most care providers existing fixed Energy contracts are likely to have just been renewed, or due for renewal in 2023.

The Energy Relief Bill has provided some support to providers during 2022/23 but there are concerns that this is due to be halved during 2023

Increasing, and higher interest rates is likely to impact the cost of some providers' funding structures (such as mortgages, loans, and mezzanine financing) when it comes to refinancing their debt in the next 1-3 years – costs that will be passed on to the City Council to pay for if it threatens their financial viability.

## **b) Assessment of current sustainability of the 18+ home care market**

### **Sufficiency**

There are 42 Home Care providers with a registered location of Stoke providing personal care to those aged 18+ years<sup>2</sup>. The City Council commissions care from 19 of these (45%). In addition the City Council commissions care from 8 providers who have a registered location of Staffordshire but who provide care to Stoke residents (commissioning from 27 in total).

The City Council's Home Care contractual framework has been running since February 2019. Split into 2 contracts, one for providers to supply a guaranteed minimum number of hours (totalling c.8000 hours per week) and another Framework contract which was expected to provide a further c.3000 hours, but with no guarantee of hours.

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<sup>2</sup> Excludes providers of Extra Care, Supported Living and Shared Lives services

There have historically been issues with the contract:

- many providers have withdrawn from the contract but as it was fixed new entrants were not allowed onto it (new providers have been contracted through a spot purchase agreement).
- Although the contract specified providers should work city-wide, this has not proven to be the case in practice with some gaps particularly in the south of the city.
- Some providers did not deliver the guaranteed minimum hours required
- Until recently there has been a problem with managing waiting lists but this has recently improved with the market responding well

The expected demand was for 11,000 home care hours per week over the duration of the contract but the City Council is currently commissioning just over 14,000 hours per week.

### **Diversity of market**

The commissioned home care market is spread across a range of national and regional companies with some local/franchises and small providers.

The majority of providers (78%) are smaller with only 11 out of the 50 providers being part of a national brand. It is difficult to identify whether Stoke is an outlier in regards to this at this stage, or the impact it may have.

Providers are commissioned by the ICB to deliver Continuing Healthcare (CHC) and Health specific support when required with no current contractual oversight of this arrangement by the City Council.

### **Quality of services**

Overall, 64% of Stoke registered services are rated good, but 9 (22%) are assessed by CQC as require improvement or are inadequate. 8 of these are not commissioned/contract managed by the local authority.

78% of commissioned services are 'Good' and 19% require improvement (5 providers); the City Council believes the quality of service currently is very good considering the pressures the sector has faced/is facing.

### **Current fees**

The current contractual arrangements are closed and new entrants to the market can only come in through a spot purchasing arrangement with no guaranteed hours. A large number of spot providers have recently been commissioned to support increasing demand through hospital discharge, which has impacted positively on delays.

Current fee levels paid by the City Council (2022/23) are on average just over £21 per hour although this takes into account block rotas which end March 2023; the average rate before any uplift for 23/24 taking that into account is £20.94 per hour .

### **Increasing Costs**

Some providers are paying more than National Living Wage to recruit in an extremely competitive labour market and need to increase line management salary for parity. Increases in NI, Fuel costs and energy costs (offices) have been identified as issues through

provider engagement as well as costs of sick pay/covering absence with no more Covid grant funding to cover these pressures.

High turnover is also exacerbating recruitment and training costs.

The way the City Council currently commissions home care may increase some costs and impact on market sustainability; in particular the large proportion of costly 15 minute calls commissioned compared to other Councils, and there is also over prescribing of double-handed care on discharge from hospital.

### **Workforce**

As stated earlier the City Council commissioned Skills for Care to carry out a Workforce Survey which included Home Care providers and their staff, and also carried out a further survey with contracted providers to identify the key issues in the current market and potential solutions.

All providers said it was difficult or very difficult to recruit staff. In Stoke the turnover rate is 28%<sup>3</sup>. The main issues were reported as:

- better pay outside of the sector
- cost of travel/distance
- better hours and conditions elsewhere
- pay being restricted to care calls and meetings only (no pay for travel time – staff want to be able to be paid for shifts not contact time).

The current high cost of fuel and maintaining a car is also an issue. The demands of the job combined with unsociable hours compared to higher paid jobs without those challenges.

Vacancy rates have risen to 10.7% in 2021/22, and providers are fighting hard to recruit and retain staff, despite many paying above the National Living Wage.

### **Self-Funders**

Although S18(3) is already in use for people requiring home care, there is currently a low take up. It is assumed that once care accounts are implemented, more people will ask the Council to commission on their behalf.

### **Section 2: Assessment of the impact of future market changes (including funding reform) between now and October 2025, for each of the service markets**

In considering the market impacts and moving forward with the social care reforms, there is also likely to be impact on other service areas, particularly extra care housing and specialist home support services.

It would not be appropriate to consider care homes and home care independently of the wider market; activity (such as increasing the unit price) in one part of the social care economy is likely to have adverse impacts on sufficiency in other areas, especially as providers are recruiting from the same pool of workers locally.

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<sup>3</sup> 20/21 Skills for Care dataset all job roles CQC non-residential- this would include supported living/extra care services care

## a) Care Homes

### Sufficiency and Diversity

Given the ageing of the population, and using a methodology that considers current supply relative to the population aged 75 and over, there is potentially a need for 529 additional beds in care homes (29 each year) between now and 2040.

With increasing demand / complexity and acuity, enhanced residential and nursing care is an area of the market that will need further development as increasing numbers of people are living longer. While this is not an exact science, and there are more complex factors at play than the correlation between increases in population and increases in demand, it is one indicator of the likely demand that will need to be met across the City.

The increase in the oldest old the 85+ population is significant and will impact more on nursing provision.

Age band	Population	% Increase
75-79	691	7.03%
80-84	687	11.40%
85-89	225	6.46%

**Table 3. Increase in over 75s in Stoke on Trent to 2025<sup>4</sup>**

This sets out by age rather than by service type, however at the point of writing there were 359 people over 65+ supported in care homes with nursing and 463 people 65+ supported in care homes without nursing provision.

Note the forecast does not take account of potential increasing needs, and many residential care home providers are indicating that the level of needs of their residents continues to increase.

A new purpose-built care home has opened in January 2023 which provides a further 66 enhanced residential beds, although their focus and pricing structure seems more aligned to the self-funder market.

### Workforce

This is the biggest risk together with nursing sufficiency in the Care Home market; longstanding challenges have been compounded by the impact of the Covid-19 pandemic, inflationary pressures and a lack of equity in terms and conditions when compared to NHS staff.

Care Homes have an ageing workforce unlike Home Care and while their turnover rates are much lower over the life of this Market Sustainability Plan the sector locally will need to address some major recruitment challenges.

The gap between care workers pay in the NHS and those in social care will be further increased and there are additional pressures in recruitment for nursing staff when competing with the NHS and independent healthcare sectors; there is equally competition within the sector for the same workforce.

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<sup>4</sup> Based on ONS census data from 2022-2025



### Quality of care

The percentage of care homes that 'Requires Improvement' at 35% is much higher than both the national and West Midlands average; and 'Well-led' is one of the key domains that providers are failing in – there is a need to develop strong registered managers within the Stoke on Trent social care sector.

The City Council's contract and performance management approach and framework to support quality improvement needs to be strengthened further; to assist in the development of a more sustainable market.

We also need to develop deeper and more long-term partnerships with key providers that would also allow us to test new contract options or care types; this work forms part of our Target Operating Model and the development of a commissioning strategy for older people's residential and nursing care. This has commenced and is being taken forward as a joint commissioning initiative with the ICB.

### Self-Funders

Although our initial assessment is that the estimated numbers of self-funders in Care Homes is currently around 22%, private payers are charged, and can pay much higher rates for residential care than the City Council pays; there is also evidence that a number of people make an independent decision to go into residential care ahead of when the City Council would ordinarily assess this as being the right option for them at that point in their care journey.

### Fair cost of care

The City Council's current rates are below the aggregate median costs calculated for residential and nursing care - See Table 4 below.

Service Category	Lower Quartile FCoC Providers Submissions	Band Price 22/23	Median Fee Paid Jan 2023	Median Derived FCoC Providers Submissions	Upper Quartile FCoC Providers Submissions
Residential	£568.51	£548.60 - £580.25	£553.88	£712.33	£884.35
Enhanced Residential	£644.82	£581.30 - £643.55	£592.08	£752.53	£866.80

Service Category	Lower Quartile FCoC Providers Submissions	Band Price 22/23	Median Fee Paid Jan 2023	Median Derived FCoC Providers Submissions	Upper Quartile FCoC Providers Submissions
Nursing excl FNC	N/A	£644.60 - £738.50	£733.23	£816.59	N/A
Enhanced Nursing excl FNC	N/A	£738.50 cap	£876.01	£820.32	N/A

Table 4 Fee Comparisons Cost of Care Exercise Stoke on Trent

The City Council is routinely having to secure provision at rates above its usual rate fee for nursing provision, reflecting the higher median fee rates being paid.

The current social care market is mixed with a wide range of provision from services with a clear focus on the self-funder market to those with service models more aligned to delivering the level of provision required to meet eligible needs as defined within the Care Act.

#### Planning considerations for post October 2025

The Autumn Statement delayed the implementation of the Social Care Reform by 2 years. This delay will support councils to ensure that they have more time to prepare for the implementation, to better understand the potential risks and work with providers on the re-shaping of the market to help mitigate the risks.

The expected initial impact of Social Care Reform changes on the local market were considered to be as follows:

**Higher cost providers with a focus on the self-funder market** - this provision is most likely to be impacted by the social care changes as self-funders will approach councils to create their care account and more people are expected to request council commissioned care.

More work is needed to test the impact with the care market, but it can reasonably be expected the business cost models will not be significantly reduced and these providers will want to attract individuals with a top up. The future strategic risk for the council is that once the cap is reached these placements will not be affordable yet will become a cost to the Council.

We know that moving people from long term provision is challenging. The impact will be felt progressively from Year 2 of the reforms and longer term impact will depend upon the availability and ability to move individuals safely to alternative provision at the new agreed rates when the cap is reached. If individuals need to remain in this type

of provision, then the impact will be less on care providers, but unaffordable and unsustainable for councils who will be incurring full cost of the care provision beyond this point.

**Providers delivering mid to higher cost range provision** – but meeting higher needs and with some beds currently offered at or close to the council's rates. This is expected to be the group of providers that the social care funding reform will most closely align to. If, following the cost of care, councils can successfully afford to offer a cost of care rate that blends the current fee rates then there should be less impact.

This part of the market will be delivering the type of care that is most required – either by being able to meet higher level of physical needs or enhanced provision that can support people with dementia and with the right infrastructure/accommodation to enable this. The extent of impact may depend upon the current balance of council commissioned work compared to self-funders. Clearly the more self-funders the more likely that there will be some financial impact.

**Providers currently delivering care at rates at or close to the council's usual price** – this provision is most likely to benefit financially from the funding reform, but only where the provision meets more complex needs and is good quality. For those that can meet higher level physical needs and or enhanced needs supporting people with dementia there should be limited impact. If higher fee rates are agreed as part of the reform this could also support further investment into the fabric of the accommodation and help to sustain quality provision.

## **b) Home Care**

### **Workforce**

This is the biggest risk to the home care market. Home Care needs to be as attractive an option for people as other sectors like retail and hospitality, as well as other parts of the care sector including Care Homes and NHS.

Home care is a skilled job often done by lone workers using their own resources (vehicles and fuel) and mainly requires people with a driving licence. It is perceived as more challenging, less economically viable and lacking in esteem. This is set against the backdrop of an overall reduction in the workforce with other sectors offering competitive incentives and bonuses to secure staff.

Without a significant change, the impact will be insufficient home care availability, leaving people without care, their subsequent deterioration leading to hospital admission or admission to a care home. Hospital discharge pathways will be blocked.

### **Sufficiency**

The risk of supply not meeting demand is significant (see also Workforce). However, this risk may be reduced by reviewing what capacity is actually required in the market, supporting strength-based assessments, utilising the Voluntary and Community Sector better and differently, reviewing reablement pathways and ensuring the current capacity is efficiently utilised (whilst building on it through workforce initiatives).

## **Self-Funders**

To move towards paying the median cost of care, and the implicit removal of any private payer cross subsidy implied by the introduction of 18(3) of the Care Act, would require a further significant increase in the rate we currently pay for Home Care.

Although S18(3) is already in use for people requiring home care, there is currently a low take up. It is assumed that once care accounts are implemented, more people will ask the Council to commission on their behalf.

## **Fair Cost of Care**

We have compared our rates with other Local Authorities and reviewed our rate against the Home Care Association's (HCA) minimum average rate for 2022/23 (£24.08).

Our current standard rate is £20.00 per hour and the median was calculated at £25.22 per hour on the basis of home care provider submissions uplifted for April 2022 prices.

The main area of difference between the Stoke on Trent and HCA rate is in relation to staff pay per hour; the HCA minimum rate includes pay at the Voluntary Living Wage level £9.90, the median Stoke on Trent basic rate from submissions received adjusted for inflation is £11.07.<sup>5</sup>

It is recognised that the costs were submitted by providers at a point prior to the significant increases in the consumer price index – they reflected 21/22 costs and were uplifted to April 2022.

The cost of care exercise has helped shape our understanding of costs within the sector, and we will continue to push for higher wages for care workers in order to be competitive with other labour markets.

We will continue to lobby government on this critical point and will also continue to work proactively with our care markets and local Care Association to seek for ways to work collaboratively with the common goal of more effectively commissioning and delivering sustainable care.

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

### **General**

Recovery post pandemic and improvement will only come about as a result of a partnership approach between providers, funders and people, and it is the interplay

between the three that can drive up quality, find new models of care and provide the well-functioning care markets needed.

The City Council has re-established more active provider forums and is developing jointly agreed plans for the future, aligned to our emerging commissioning strategies.

By finding sustainable ways of providing and commissioning care we can help the economic growth and recovery of Stoke on Trent, as well as ensuring that our objectives are met.

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<sup>5</sup> Source: Homecare Association Minimum Price for Homecare 2022-2023. "Minimum price for homecare at Voluntary Living Wage (2022-2023)"

## **Data and Intelligence**

We will further develop the use of data and intelligence within Adult Social Care, with the aim of embedding a data driven approach to support strategic decision making, and to use data to forecast future demand, and therefore inform the sector how the needs of residents can be met effectively and efficiently

## **Workforce**

Part of the Fair Cost of Care grant top sliced for implementation was spent on the commission of Skills for Care to carry out a Workforce Survey, which, when combined with analysis from the Skills for Care Stoke ASC-Workforce dataset has provided us with useful intelligence, and we have supplemented that with ongoing engagement feedback from both markets.

Working with the market, we have identified a number of initiatives which will:

- support recruitment and retention in the sector
- address the way current commissioning practice affects the terms and conditions of care staff and the capacity of the sector to deliver (home care specific)
- improve the overall perception that people have of working in care
- provide better pathways including career pathways for new entrants into the care market

Working with strategic partners including Skills for Care, ICB, Staffordshire County Council, Colleges, Universities, Midlands Leadership Academy, DWP, pre-employment Support Organisations and providers themselves we will develop these initiatives into a Stoke Social Care Workforce Strategy, setting out and delivering short, medium, and long-term plans for the sector, making best use of existing and any potential new resources.

Initiatives we are taking forward are:

- Running major recruitment campaigns in the city, working with strategic partners and promoting a 'new deal' approach for care staff
- Development of career pathways, including training and qualifications; providing free training/promotion of grants available through Skills for Care ASC Workforce Development Fund
- 'Golden handshake' bonuses for new entrants to care sector/refer a friend arrangements
- Retention payments for existing staff
- Potential subsidies for intensive driving lessons/ driving test (home care specific)

## **Quality**

We are aiming to achieve a target of 85% of commissioned services rated compliant (Good or Outstanding) by 2024/25.

We already encourage good and outstanding providers to support each other and help them to do this through our Quality Improvement Team (QIT) and facilitate Peer Support models.

We provide a clear and structured support offer for all providers, focusing on those rated 'Requires Improvement' or 'Inadequate' and intervene quickly and effectively when providers fail, to ensure that the vulnerable people that they support are protected.

We aim to strengthen this offer further through the development and implementation of a system wide strategic framework for care quality improvement across the city - with focus on system wide drivers including individual, family and carer feedback; provider led change; workforce; commissioning and contract management; quality monitoring and improvement; with additional clinical oversight to support care provision.

#### **(a) 65+ care homes market**

##### **Sufficiency**

We will ensure the development of an efficient market of care and support that most effectively meets the needs of our residents, and supports people to live independently with high quality services.

Increasingly we will emphasise the development of a sustainable market that prioritises a Home First approach, and the use of residential care for people as either interim step up/step down provision, or where the complexities of an individual's long-term health and care needs are such that they can only be met in a residential setting.

The further development of Extra Care Housing and improved usage of existing facilities will require existing residential providers to review their business models and consider increasing the enhanced residential bed complement rather than continue to focus on standard residential care.

This will involve supporting providers to meet more complex needs, in the community (Extra Care Plus and residential settings) as well as through the establishment of a social care led bed based rehabilitation service.

The ability to model market capacity and cost based on a changing occupancy landscape (lower occupancy as has been experienced during the pandemic), puts cost pressures on providers and impacts sustainability in the medium to long term.

Whilst the market is in a recovery phase, it would be prudent to monitor target occupancy on a sliding scale from 85% up to standard expectations under normal day-to-day business operations.

This will allow the City Council to take a staged approach over time to unit costing to mitigate the impact of occupancy.

Further to this, overall beds in the market are affected by changes in occupancy, as homes enter and exit the market, the overall availability of beds will push occupancy rates higher or lower, and therefore there exists a natural equilibrium (over time) that may be aspired to.

We are signalling to the market through the revised Market Position Statement the need for additional enhanced nursing beds and will be considering block contracting arrangements for some provision more difficult to source including beds for older people with more complex and challenging behaviours.

We have worked with the market to continue to ensure the availability of sufficient “surge” capacity to support NHS winter pressures, whilst enabling homes to continue to offer time-limited beds to facilitate timely discharge from hospital (hospital discharge pathway 2).

We are extending the implementation of digital solutions with care providers. This builds on the success of current programmes which enable a more rapid response from primary care and will support a Multi-Disciplinary Team (MDT) approach with a greater focus on the management of conditions and the review of key areas for people within over 65 care homes, for example, nutrition and hydration, frailty and falls.

This will help to make best use of clinician time, ensure a timelier response to an increase in health and care needs, and reduce avoidable admissions to hospital.

### **New Models of care**

We are exploring the development of new nursing provision in partnership with market providers and ICS stakeholders; there is an appetite to look at a range of options including Integrated Care Hubs.

A key component of the new target market mix we are proposing is the development of short term recovery and assessment beds through an integrated therapy and social care led rehabilitation and reablement service.

This will ensure a better balance between rehabilitation and reablement through the development of strengths / goals based care and support plans with indicative timeframes for discharge or step down to other services, with individuals and their families engaged in the development and monitoring of their plan.

Use of equipment and digital / technology solutions to support delivery of rehabilitation and reablement will be key with the physical estate also conducive to rehabilitation and reablement; options to be explored include the use of existing facilities and buildings.

We have plans to engage with the market through the implementation of our Target Operating Model and associated improvement plan to ensure there is a sustainable and sufficient supply of care in the market across all age groups.

### **Contractual Arrangements**

We are considering different contractual arrangements and different funding models that may help long term sustainability for Care Homes working with health partners; encouraging and supporting new entrants to the market and supporting existing providers who wish to expand or diversify, this includes helping them to access other sources of funds.

### **New Fee Rates and Investment**

Cost pressures this year have been significantly different to previous financial years due to the legislative changes to workforce pay (NMW, plus NI uplift), competition for staff and of course the unprecedented inflation of over 10%.

The fee uplift for 2022/23 was 5.5%. In recognition of the strategic direction of travel, the City Council will utilise the additional Market Sustainability and Improvement funding from Government to contribute to and to begin to close the gap between current fee rates and actual costs of placements.

<b>Service Category</b>	<b>Current Rate 22/23</b>	<b>Median Cost of Care<sup>6</sup></b>	<b>Proposed Rate 23/24</b>
Older People's Residential Care Band 1 (General Residential)	£548.60 - £580.25	£712.33	£600
Older People's Residential Care Band 2 (Enhanced Residential)	£581.30 - £643.55	£752.53	£650
Older People's Nursing Care Band 3 (General Nursing) Excl Free Nursing Care	£644.60 - £738.50	£816.59	£800
Older People's Nursing Care Band 4 (Enhanced) Excl Free Nursing Care	£738.50 cap	£820.32	£900

**Table 5 New Rates Care Homes**

Providers to get the most beneficial of band increase above or 4% inflation; the inflation would be applied as a % of the price paid - referred to as a "fixed cash uplift"

The total additional investment in residential and nursing homes is an additional £3.6m across all categories of care and should stabilise and sustain the market pending the implementation of the longer term nursing and residential care commissioning strategy.

Although it is recognised that 2022/23 has been a really tough year for all providers, it is felt that the above rates are competitive with other comparator local authorities within the West Midlands and that our uplift offer is in line with what these local authorities are offering.

## **(b) 18+ home care market**

### **Contractual Arrangements**

Based on the feedback we have received from the market, the way we currently commission services has indirectly affected the terms and conditions of the home care frontline workforce making it a less attractive career option. We are now paying for temporary breaks in care (e.g. retainer payments for hospital stays) to enable care staff to retain their regular income

Investment is being considered to grow our in house services to become a provider of last resort in terms of any market failure, ensuring continuity of care for residents if the market fails, funded through additional Better Care Fund resources. The business case for this

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<sup>6</sup> Based on provider submissions through the Fair Cost of Care exercise



investment will include options around a trading company to ensure we are able to demonstrate VfM as part of any expansion/increased market share.

Some of the initiatives we have already identified with the home care market and implemented relate to bringing down costs for providers including :

- Reducing travel time (and cost) through the introduction of new geographical ‘zones’ which had a positive impact on availability and supply of care hours and reduced the impact of fuel costs.
- Reviewing the use of and number of 15-minute calls currently commissioned as these are more expensive for providers to provide and are also not best practice<sup>7</sup>
- Providing alternative recruitment routes to agencies.

### **Sufficiency**

We recognise that as people age, they want to age in place and to do this, 7.6% of all households require care and support to enable them to stay in their home. This is highest amongst 75 and over age groups, and from households living in affordable housing. In households where the individual is aged 85 and over, 31.2% require help and support to enable them to stay in their own home.

The City Council wishes to support the market through appropriate fee rates that enable them to invest in their workforce, through recruitment of new staff, retention of existing staff, and training and developing a highly skilled workforce through their care career.

The City Council believes that it can do this in a sustainable way by reviewing what capacity is actually needed in the market (while recognising that demand will grow over the years due to demographic changes). The volume of hours commissioned has significantly grown, in part due to the disruption caused by the pandemic to the normal hospital discharge pathways and by shortages in the Social Work workforce affecting reviews.

Working with partners we are:

- Ensuring hospital discharge pathways work well to rehabilitate people following a hospital discharge, enabling a reduction in the long- term support needed at home
- Introducing the Trusted Assessor role, so providers can refer those they have assessed<sup>8</sup> can be supported appropriately with fewer care hours including through the use of other technologies and aids.
- Reviewing double-handed care packages to identify people who could be supported with a single care worker well- trained in using hoists
- Using existing capacity better through the introduction of zones freeing up more travel time of care staff.

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<sup>7</sup> NICE Guidelines

<sup>8</sup> In consultation with the individual and their family as appropriate

The re procurement and future model of home care will address unit cost, seasonal fluctuations, competition, and scope (joint, all age, zoning, reablement focus) and will consider the current review of the Homefirst Reablement Service as this will impact on demand for home care and our ability to plan the capacity needed in the market.

Our co-produced strategic review of the home care sector aims are:

- Sustainability – supporting a diverse homecare market to deliver manageable hours in right-sized geographical areas
- Quality – enabling the homecare market to meet ‘Good’ and ‘Outstanding’ CQC ratings
- Resilience – Creating an efficient, strong and responsive homecare market
- Capacity – increasing capacity through re-defining home support provision

Our ambition articulated in our Target Operating model includes:

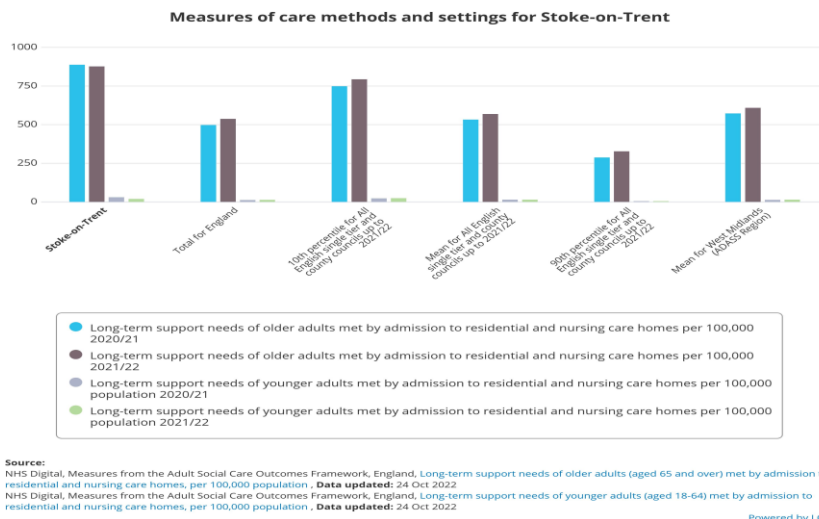
- Enhanced social-care and therapy enabled Home First service providing intensive enablement support to maximise independence and increase throughput
- Establishment of a hospice @ home service that supports people at the end of life to die at home with family
- Strengthened social care / VCSE support in the acute setting to avoid admissions
- Enhance VCSE led hospital to home stabilisation to improve people going home on Pathway 0
- Investment in community based rapid response services to support people to remain in the community
- Investment in increased strength-based social care case management, assessment and service finding capacity

### **Extra Care Housing**

We have identified that we are an outlier in relation to the numbers of older people placed in residential care.

Currently of the 800 units of Extra Care Housing available across Stoke on Trent, 517 of these are occupied by tenants with no care needs, and only 86 of the 800 units are occupied by tenants with high care needs.

Despite the available supply of units the City Council has not utilised the schemes appropriately resulting in an over reliance on residential and nursing care. Research undertaken by the Housing LIN has identified that up to 60% of people admitted to residential care and 20% of people admitted to nursing care could be supported in an Extra Care environment.



**Table 6**

Long term support needs of older adults (65+) met by admission to residential and nursing homes per 100,000

It is felt that there is now sufficient stability in the market to update the demand modelling for housing with care capacity and the service models needed going forward; the 75+ population of Stoke on Trent is likely to require almost 1300 housing with care units (extra care housing) by 2040 which is an increase from the current supply of 800 units.

We will develop a more comprehensive market position statement for Extra Care Housing, as part of the joint work being undertaken across the City Council on the Housing Strategy for Older People.

The potential for repurposing and/or refurbishing sheltered accommodation to be better able to meet the needs of older people in the future, will need to be considered in the context of the plans for further development of extra care housing.

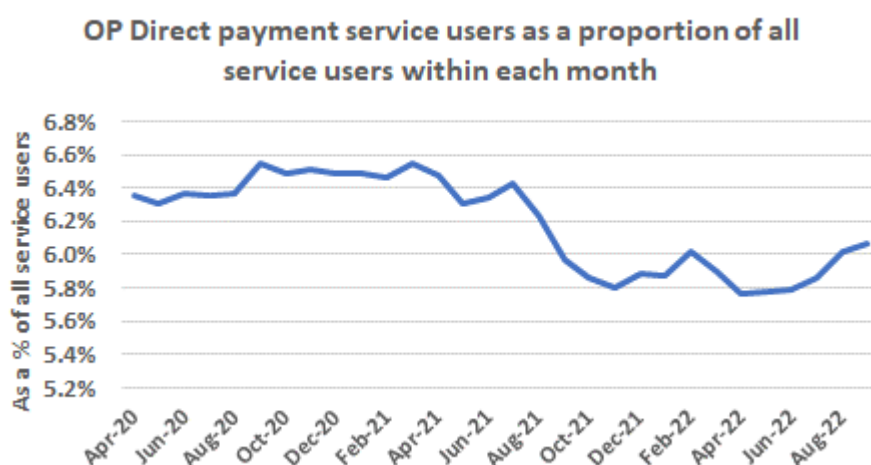
Options will range from decommissioning and demolishing the least viable schemes with new schemes rebuilt and brought up to a good quality standard; meeting this demand may also release currently under occupied housing.

During Autumn/ Winter 2023 we will undertake full market engagement jointly with Housing colleagues on the Extra Care Housing market position statement and based on feedback from the market, development of an internal business case (with modelling) around the best VfM option/s for the City Council to develop.

We will ensure that we maximise the use of existing Extra Care Housing stock by reviewing pathways and eligibility and ensure any new builds meet projected need and demand, with an approach to Extra Care Housing as a community asset with increasing intergenerational living. In parallel with this we will ensure that the % mix of tenants living in extra care moves more to the traditional “a third, a third, a third” model, and reduce the longer term impact on the demand for traditional residential care, although this will take some time to fully realise through a combination of people’s needs changing and changes in social work practice to ensure people with higher needs are offered an Extra Care option.

## Personal Assistants

We have already acknowledged that our performance as a Council around Direct Payments for Older People requires improvement.



**Table 7**

Older People in receipt of Direct Payments as a proportion of all people using services

The numbers of older people who are opting to take a Direct Payment to purchase care and or/employ a Personal Assistant is very low compared to all Older People receiving support from the City Council and when benchmarked with comparator local authorities.

The City Council is undertaking work on redefining the Personal Assistant (PA) market offer with the aim to increase the availability of PAs and micro providers, working with Community Catalyst on the latter initiative.

Our target linked to this PA workforce growth is to reduce demand for commissioned home care by 10% which will have resulting financial benefit and mitigate against the costs linked to the growing demand for older people's care and support in their own homes.

The City Council see this as part of the available pathways for people receiving long term care to deliver improved outcomes through a more cost effective and efficient model, and is a combination of market development and social care practice led improvement.

### **Self-Funders**

Although S18(3) is already in use for people requiring home care, there is currently a low take up across the City. It is assumed that once care accounts are implemented, more people will ask the City Council to commission on their behalf.

### **New Fees/Rates and Investment**

#### **Home Care**

75% of the £899k Fair Cost of Care grant was allocated in 22/23 (£674,272) and was used to support home care providers (with additional resource made available) given the fragility of this market and major sufficiency concerns especially as we approached winter.

This aligns with the policy objective of supporting people to remain at home through providing additional financial support to this area, aligns rates in the market and improves the sustainability of those providers who may be considered at most financial risk.

In 23/24 Home Care hourly rates will be uplifted to £21.80 per hour with those providers including spot providers who are paid more than that price currently “marking time” with no additional inflationary uplift. This is an investment of £1.1m from the Market Sustainability and Improvement Grant .

The main issues impacting this sector are the recruitment and retention of staff with the ability to compete with the labour market and pay rates cited as a key barrier to recruitment and retention.

Non-recurring funding to address fuel issues has been allocated in addition to the £20.00 per hour currently paid to providers and additional workforce incentives from the Discharge grant.

Demand for home care historically has outstripped available capacity resulting in difficulties at times discharging people from hospital. The median rate calculated for home care as part of the cost of care review was £25.22 per hour. The new rate proposed is £21.80 per hour which is a good step towards this median rate and should result in a more stable market with less reliance on provider of last resort to support hospital discharge pathways.

Additional investment has been made in both Extra Care Housing and Supported Living although clearly their costs exclude travel time and mileage

## **Other Markets**

### **Residential and Nursing Care for Working Age Adults**

An inflationary uplift for the current placements for working age adults will be made of 4%; placement costs have a range of pricing structures in place and cases are negotiated to be specific to the needs being met.

The City Council will undertake a fundamental review of Working Age Adults placements in the first three months of 23/24 utilising open book accounting and the learning from the work undertaken in 2022/23 with Older People’s markets.

### **Supported Living**

A number of the current contracts for Supported Living and Group Supported Living contain specific uplift obligations and indexation. The annual cost for these services has been assessed and a fee uplift of 7.98% has been awarded.

### **Direct Payments**

The Direct Payments budget will be increased by a total of £0.680m to reflect a combination of differential uplifts. Direct payments reflect costs relating to both services and direct employment.

The increase therefore needs to enable those individuals who use their direct payment to directly employ staff, i.e., as personal assistants, to pay in line with the proposed minimum wage rate.

For those using a Direct Payment to purchase support at home the increase reflects the proposed increase to the Council's commissioned home care services - i.e. from £20.00 per hour £21.80 per hour. For all other Direct Payments an inflation uplift of 4% has been applied

### **Summary**

The investment across all care markets offers a balance in meeting the multiple duties for the City Council in allowing it to set a robust and balanced budget, whilst also meeting its duties under the Care Act.

This injects £6.592m of additional funding into the Stoke on Trent Adult Social Care market to help them meet the cost drivers associated with delivering services from April 2023.

This will be partially funded by the new £3.1m Market Sustainability and Improvement grant to sustain the market, support hospital discharge and address some of the local workforce challenges.

We believe that the investment recognises the pressures faced by our care market but we must also recognise that as individual businesses, with individual business models and costs, that this may not meet all of the costs for all of the providers.

In such circumstances, we would continue to encourage those providers who are, or are likely to, experience financial difficulties to approach the Council and discuss this with relevant commissioners.

The wider financial constraints of the City Council over the next 3 years, suggests that keeping up with general price inflation for our care markets, and managing significant financial risk in our care markets relating to working age adults, will be a significant test, leaving little to no residual funding to up the baseline for this care market.

If the economic conditions continued to drive prices such as utilities, mortgages etc, alongside those labour costs, then materially all new funding will be required to ensure those new pressures are absorbed.

A high inflation level quickly absorbs all additional funding alongside the wider investment the City Council makes in meeting its additional costs (funded through savings, efficiency, and any discretionary council tax).

As described in Section 1, market sustainability, the choice of good quality of provision, in the right places and meeting the range of needs of Stoke on Trent residents goes beyond the Cost Of Care exercise.

Realistically, funding is a critical component to addressing this, with workforce pay the most prominent aspect due to market rates for comparable employment continuing to increase.

Although the City council and system strategies are to promote independence and in relation to hospital discharge to ensure an ethos of home first, it is also to support people living with complex needs.

Therefore, there is an expectation that Stoke on Trent will continue to need good quality residential and nursing care to support people who need long term support in a residential setting to meet a higher acuity of need that can't be met in someone's home.