**Market Sustainability Plan for North East Lincolnshire**

# Annex C: final market sustainability plan

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| Section 1: Revised assessment of the current sustainability of local care markets |
| 1. Assessment of current sustainability of the 65+ care home market
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| **Sufficiency of Supply**North East Lincolnshire (NEL) has a larger than average (20.9% in 2021 vs 18.7% England average) proportion of older people as part of a relatively static population. This proportion is projected to increase to 27.6 by 2043 ([Nelincsdata.net](https://www.nelincsdata.net/health-and-social-care/#/view-report/1835e7ef70a748c79aa478f386581700/___iaFirstFeature/G3)) which will impact on required capacity.Where care homes have exited the market in the past, new providers have sometimes taken over those homes or developed large new care homes in NEL. Unsolicited provider developments can destabilise the care home market and work against the aim to increase occupancy rates, reduce workforce churn and support existing care homes’ viability. It also compromises NEL’s ability to develop a suitable mix of care and support that meets the overarching commissioning intentions.In October 2022 there are 1028 residents in the 33 homes remaining in the scope of the Fair Cost of Care exercise (one having closed from the 34 open at the beginning of the process) residents compared to 1042 in September 2021. The current occupancy level is 78%. NEL has a total of 1305 beds compared to 1487 in September 2020, a 13% reduction in capacity. Despite the reduction in capacity, current occupancy levels indicate a continued risk to the viability of parts of the care home market. 6 of 33 homes have nursing provision. The September 2022 number of registered nursing beds in NEL is 204 with an occupancy rate of 48%. Homes report a vacancy rate of 47 nursing beds, meaning a gap of 60 beds from registered capacity indicating operational challenges to deliver the full number of registered beds. NEL’s care home market split as of September 2022:* 44% Local Authority funded residents (permanent)
* 34% Self-funding residents (permanent)
* 9% Continuing Health Care residents (permanent)
* 4% Out of area local authority funded residents (permanent)
* 5% Local Authority funded residents (short stay / respite)
* 3% Self-funding residents (short stay / respite)
* 1% Step up residents i.e., from Intermediate care at home or the Community Urgent Care Team (short stay / respite)

Whilst there is sufficient supply to ensure continuity of care in the current 65+ care home market there are concerns arising from underoccupancy, home closures and unplanned provider developments which present risks to the stability of the local market. The Home First principles in NEL will also have an impact on capacity required in future years.**Diversity of the Market**There are no dedicated Dementia homes in North East Lincolnshire, but most care homes provide support to people with a range of complexity and conditions, including Dementia and behaviour that challenges. This supports choice of setting for NEL residents.Where the level of need is high, NEL operate a block contract for those with needs that cannot be managed in regular residential or nursing homes. This is different from residential Dementia and nursing Dementia. This enhances capacity for those who require extra support.5 care homes have been commissioned on a framework (from September 2022 following a trial in 2021) to support an enhanced recovery unit. The homes provide bed-based reablement and recovery support with in-reach from the community urgent care team (CUCT) and independent adult social work (Focus CIC) to support individuals on an intermediate care or D2A pathway. Expansion of this framework is being explored. NEL offer a range of different sized care homes:* 6 care home with bed numbers under 25
* 18 care homes with bed numbers between 25-49
* 7 care homes with bed numbers between 50-74
* 2 homes with bed numbers 75 and over

NEL understands that smaller homes are struggling to remain sustainable within the current market. This has implications for the range of future choice of setting available to NEL residents.The current year to date data for people placed in permanent residential or nursing care aged over 65 shows a 20 per cent decrease in permanent residents placed. (52 compared to 65 last year).The proportion of people (65 and over) who are still at home 91 days after discharge has increased by 2.1% when compared to last years’ data. The measure ‘Outcomes of short-term services: sequel to service’ has increased when comparing this year to the previous year (June 2021-22 (44%) compared to June 2020-21 (33.3%).If support at home is not an option to support an individual, there is sufficient capacity with a reasonable geographical spread across NEL. NEL homes offer support to people with a range of needs which, alongside enhanced recovery settings, provide diversity in terms of specialist support. Where a person is admitted into long term care provision, NEL will continue to support them within that provision avoiding changes of setting wherever possible subject to continued levels of high-quality support that match the individual’s needs.**Quality**Current CQC inspection ratings for the 33 homes currently in scope are as follows:* 1 home is rated outstanding (3 per cent),
* 28 homes are rated good (85 per cent),
* 3 homes are rated requires improvement (9 per cent),
* 1 home rated inadequate 1 (3 per cent)

Where there are quality concerns, NEL shares intelligence as a multidisciplinary partnership including social work, mental health, and community services practitioners. This intelligence is shared as part the Market Intelligence and Failing Services (MIFS) group to identify risks and issues, working closely with CQC and the provider to monitor action to remedy concerns. Regular meetings with the CQC enable commissioners to share intelligence and review collated data about risk bandings. There are no concerns focussed in any particular geographical areas in NEL.Over the past three years NEL commissioners have worked with providers to improve the quality and consistency of care. A fair cost of care exercise was undertaken in 2019, moving our fee rates accordingly. This, combined with a revised, more detailed Care Act compliant specification provides a clearer set of expectations for providers.**Current Fee Rates.**The current 2022/ 2023 fee rate for residential and nursing care homes (minus Funded Nursing Care (FNC) is £544.66 per week. Care homes charging top ups over the last 6 years:

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|  | **2017/18** | **2018/19** | **2019/20** | **2020/21** | **2021/22** | **2022/23** |
| Total Care Homes (in scope) | 41 | 38 | 38 | 37 | 36 | 33 |
| Total which charge top-ups  | 21 | 14 | 13 | 12 | 14 | 12 |
| **Total as %** | **51%** | **37%** | **34%** | **32%** | **39%** | **36%** |

75% of homes charging top ups within their home in 2022/23 had over 80% average occupancy across the last year. 10 out of 12 homes who currently charge top ups cover a range between £5-£140 for larger rooms, apartment style, rooms with views or patio doors leading to a private garden. 2 homes charge £270-£875 to fund a range of enhanced services from basic top up to all rooms to cover access to facilities (a bar, street scene for reminiscence, indoor bowls and more) to premium suites with separate lounges. Care homes are the subject of an open commissioning process where settings that meet the quality standards are accepted to take on commissioned admissions. **Workforce**Skills for Care ([Adult Social Care Workforce Data Set 20/21 report](https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/documents/Local-authority-area-summary-reports/Yorkshire-and-Humber/2021/North-East-Lincolnshire-Summary-2021.pdf)) estimates that the staff turnover rate in North East Lincolnshire was 31.1%, compared to England average of 29.5%. There is a relatively low number of people on zero hours contracts in NEL (7% compared to England Average of 25%), sickness absence was at 8.4 average days compared to England average of 9.5 days and average care worker hourly pay was £8.88 compared to a regional average of £9.12. 56% of the direct care providing workforce in North East Lincolnshire hold a relevant adult social care qualification (compared to 51% in Yorkshire and the Humber and 46% in England). This data does not distinguish between care home and domiciliary care workforces so is relevant here and, in the 18+ domiciliary care market section below.The local Health and Care Partnership (HCP) tracks progress against a Workforce and OD Plan which focusses on enhancing pathways into employment, leadership development and CPD. Action in the current year has included 4 recruitment fairs and engagement with provider staff through a survey and workshop. Feedback from providers and staff suggests that key concerns relate to managing the impact of Social Care Reforms, staffing and non-pay/ cost of living pressures, high turnover, and consequent use of agency staff to fill vacancies and the need to respond to increasing acuity of need. Since the submission of the original MSP in October 2022 a new Adult Social Care Workforce Development Group has been developed to coordinate action in five key focus areas, promotion, recruitment, retention, Quality and CPD and Wellbeing.Current economic and market conditions and underlying issues of low pay and value for social care work present significant challenges in NEL. Commissioners are working to enhance the action in the HCP plan with targeted initiatives that align with commissioning intentions to create system wide action to promote, recruit, support and develop social care employees in partnership with providers.**The Impact of Inflationary Pressures**The impact of wage inflation relating to the uplift in the national living wage rates of 9.68% for the coming 2023/ 2024 year has been reflected in fee rate increases for providers. 9.68% has been added to the wage elements of costs for providers which will support both the funding of the increase in the National Living Wage and the maintenance of differentials within providers’ wage structures.All sections of the market have been impacted by the inflationary pressures in 2022/ 2023.Whilst capacity has been maintained in the 2022/ 2023 financial year any failure to address the inflationary pressures in the coming year has been the subject of warnings about sustainability from providers of support and care in North East Lincolnshire.**Delays in Charging Reform**There is no immediate impact of the delay of the reforms on sustainability of the market. The delay simply maintains the status quo. Working within financial limits we have been able to reflect in year pay and non-pay inflation but not make real terms increases in wages or fees. |
| 1. Assessment of current sustainability of the 18+ domiciliary care market
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| **Sufficiency of Supply.**As of October 2022, NEL had a total of 9 local CQC registered domiciliary care providers within the scope of this exercise. The current local model has 3 geographically/locality-based lead providers and 1 approved provider, with 5 domiciliary care providers used via spot purchase. The current number of people supported across the 9 domiciliary care providers is 1706. The commissioning model promotes a ‘teams not times’ model which has been in place since 2019, involving three geographical areas with one provider servicing each area (lead provider) and a single, approved provider adding extra resource and flexibility. The implementation of the neighbourhood ‘teams not times’ model has been hindered due to the unprecedented pressures faced during and after the pandemic. The shift in model faces current challenges as new ways of working are being mobilised. These challenges relate to the limited capacity of providers to respond to requests, consequent spot purchase arrangements which pick up calls outside of the model, particularly for more complex needs. There is therefore an over-reliance on purchasing care outside of these contracts, which increases the uncertainty of availability and cost of care and potentially draws the staff pool to other providers. In the current year there have been developments which have begun to realise hoped for benefits of the teams not times model. A team has been established within one of the lead providers for care at home to support with system flow. Where a lead/ approved provider cannot pick up a new package of care imminently, team can be called upon to provide care in the interim. The team was established on 5th September 2022 and in the first month has achieved supported 20 individuals, made 543 care calls, saved 204 bed days and all individuals have returned to their lead/ approved provider at the end of the agreed interim period.There are significant challenges in providing sufficient capacity of support at home in NEL and this presents risks to the realisation of strategic intentions to apply Home First principles in NEL. Further work on supporting and embedding the ‘teams not times’ model will require changes to the balance of investment in support and care in NEL.**Diversity in the Market.**A key issue faced within NEL is the lack of specialism within the commissioned support at home provision, which has resulted in a reliance on spot purchase arrangements at a much higher cost than the support at home rate for more complex cases. Feedback from domiciliary care providers has indicated the level of complexity in need is increasing as well as demand, particularly with the commitment to a ‘Home First’ approach.NEL have a range of providers across domiciliary care:* 4 providers have between 115-280 staff members (57 per cent)
* 2 providers have between 50-74 staff members (29 per cent)
* 3 providers have fewer than 20 staff members (43 per cent)

There are gaps in commissioned providers relating to responding to complex needs (for example suctioning, PEG feeding, nebuliser therapy in the community) or challenging behaviours which is currently managed via spot purchase arrangements. This is met by a much higher cost than our local contracted fee rate. There are capacity issues for night and evening support due to a limited number of providers offering a roving night service. **Quality.**The most recent CQC inspections demonstrate the following ratings across the domiciliary care providers in scope of this exercise:* + - 1 provider rated outstanding (11.1 per cent),
		- 7 providers rated good (77.8 per cent),
		- 0 providers in the scope have been rated requires improvement or inadequate,
		- 1 provider is waiting to be inspected (11.1 per cent).

Alongside the MIFS group discussed in the care home section, NEL operate a system for professionals to log concerns. The concerns are picked up weekly via the contracts team to identify trends and request assurance from the provider. Comparative to the number of hours, the number of concerns logged is low for the lead and approved support at home providers. Where there are concerns that are demonstrating concerning trends or a significant spike in the number of concerns, the MIFS process is enacted to monitor and oversee the implementation of action/improvement plans with the provider. Intelligence relating to domiciliary care providers is presenting some concerning trends relating to late calls. The pressure on delivering services to meet hospital discharges and increasing demand and acuity of need in community services, coupled with low staffing and COVID-19 has exacerbated challenges noted in the capacity and supply section above. Work is required to develop assessing and support planning practice that helps NEL residents to understand and make the most of the opportunities offered by the ‘teams not times’ and Home First models.**Fee Rates (Current, 2022/ 2023 rates)**The 4 providers commissioned via the support at home ‘teams not times’ contract is commissioned on a rate of £16.64 per hour. NEL does not pay a differential for the different length of calls. We don’t identify travel time payment within each length of visit, our blended hourly rate of £16.64 is simply pro rata for 15,30,45 min calls.Due to capacity and specialist skillset issues across these 4 providers, we sometimes rely upon spot purchase arrangements with rates up to £22.50 per hour. We pay non contracted providers at their commercial rates for these spot purchase arrangements.Support at home is currently commissioned under the ‘teams not times’ model utilising 3 lead providers over 3 geographical areas, and a fourth approved provider adding extra resource and flexibility. Where capacity or complexity is an issue, spot purchase arrangements are made across 5 domiciliary care providers outside of the support at home contract. **Workforce**Recruitment and retention into the sector remain a major concern. Further review of the ‘teams not times’ model is required to support teams to respond to the needs of individuals rather than on a strict time task rota basis. This has the potential to help to improve working conditions and attract new staff.Commissioning intentions and cost of living pressures create a risk of demand outstripping capacity that may increase issues already present across the domiciliary care market. There were 127 vacancies across the 4 contracted support at home providers in Autumn 2022. Domiciliary care providers across NEL report they are losing staff to care home markets due to the rise in petrol and diesel costs. In addition to this, the approach above does have the added risk of an increase in time spent with Individuals, in the move away from time and task. Close monitoring and review of packages is required with monitoring in variations in service delivery and comprehensive contract monitoring against commissioned hours. The workforce challenges are particularly challenging in the domiciliary market and NEL is clear that this needs to be a priority for workforce action and investment. This element of the market has the same overall Adult Social Care Workforce Data Set Figures as those noted in the section above relating to care homes.**The Impact of Inflationary Pressures**The impact of wage inflation relating to the uplift in the national living wage rates of 9.68% for the coming 2023/ 2024 year has been reflected in fee rate increases for providers. 9.68% has been added to the wage elements of costs for providers which will support both the funding of the increase in the National Living Wage and the maintenance of differentials within providers’ wage structures.All sections of the market have been impacted by the inflationary pressures in 2022/ 2023.Whilst capacity has been maintained in the 2022/ 2023 financial year any failure to address the inflationary pressures in the coming year has been the subject of warnings about sustainability from providers of support and care in North East Lincolnshire.**Delays in Charging Reform**There is no immediate impact of the delay of the reforms on sustainability of the market. The delay simply maintains the status quo. Working within financial limits we have been able to reflect pay and non-pay inflation but not make real terms increases in wages or fees. What we have been able to do in the domiciliary care element of the market is to offer short term support over the winter period that aims to support providers to recruit and retain staff to maintain capacity. |
| Section 2: Assessment of the impact of future market changes between now and October 2025, for each of the service markets  |
| Residential and Nursing Care Homes (65+)The major impacts for residential nursing care homes are the change in self-funder numbers, unsolicited local provider development and the economic context.In September 2022 there were 366 self-funders numbers within the 33 homes (34% of residents). This compares to 365 in September 2021. During engagement exercises, local care homes indicated a need to offset this loss of revenue with revised rates in order to sustain the market. From October 2025, people paying for their own care will be able to approach councils to commission care on their behalf at the rates paid by local authorities. The impact is likely to be significant for 67% of our local care homes. The unplanned development of large new care homes within NEL has attracted a large proportion of the self-funder market in the past which further destabilises the market. This has been intensified by the opening of new care homes in the spring of 2023 which will add over 10% capacity to this market in North East Lincolnshire which will exacerbate the existing under occupancy issues in this area of the market.The self-funder market as at Autumn 2022 was as follows:* 6 care homes have over 50% self-funders making up their total occupancy (18%)
* 16 care homes have between 25-49.9% self-funders making up their total occupancy (49%)
* 10 care homes have less than 25% self-funders making up their total occupancy (30%)
* Only 1 provider has 0 self-funders (3%)

The economic context is extremely challenging involving high levels of inflation and associated rising pay and non-pay costs impacting provider financial sustainability and recruitment and retention challenges involving providers competing for a limited pool of staff. Allied to this is the relatively low financial reward for care home staff compared to competitors both in public services and the wider economy. Together these pressures increase the risk of provider failure.NEL alongside many places is seeking to undertake transformational reform to promote support at home and the consequent increase in acuity of need of those using care homes presents practice development challenges for providers. These changes are also reflected in developing CQC expectations and assurance and inspection processes of both health and care systems and providers. In summary the care home market faces transformational practice expectations in a time of extreme economic constraints and local ambition for new ways of working and the application of Home First principles.Domiciliary Care (18+)The major impacts for domiciliary care of future market changes in NEL relate to changing practice expectations and the likelihood of increased demand relating to commissioning intentions and Home First principles and the impact of the current economic context on chronic challenges relating to the viability of support at home business models.As NEL develops its strategy aiming to support more people at home, demand will increase and the diversity and models’ provision will need to develop to meet a wider range of support requirements and align with new ways of working demanded by the ‘teams not times’ model.Workforce pressures represents a risk for the sustainability of the Domiciliary Care market. Recruitment and retention remain difficult locally as providers are competing for same workforce and are not able to compete with other sectors and economic conditions have the potential to hit domiciliary care providers particularly hard in relation to travel costs and the relatively low pay of employees. Pay awards and career progression are areas that require further development to retain existing employees and attract new people to the care sector. |
| Section 3: Plans for each market to address sustainability issues, including fee rate issues, where identified.In addition to the notes below from our original MSP submission in October 2022 further engagement took place with independent sector providers in January 2023 in the form of 1:1 interviews (x15) and workshops (x4) for providers of support and care in NEL. This was facilitated independently and took account of benchmarking information and helped inform the development of the fee uplifts noted below in section 3a. North East Lincolnshire is also developing a programme of work to improve outcomes from intermediate care and reablement services. This work reflects data that show North East Lincolnshire’s provision of reablement services is significantly below the average: 1% of 18-64 and 3% of 65+ were referred to reablement compared to 5% and 15% respectively in comparator groups. Overall, reablement outcomes are also out of line with the comparator group average: across all age groups, it appears that no small packages were supplied, and that the majority of service users were ultimately issued with a long-term care package.1. **65+ care homes market**
* NEL commissioners will work with providers to shape a residential care base that meets the needs of people with more complex health and care needs, which means a move away from residential care provision for people who could be supported in their own home. NEL will continue to develop 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.
* NEL will work with the market to commission care homes to continue to ensure the availability of sufficient “surge” capacity to support NHS winter pressures and retain capacity to respond to crises whilst enabling homes to continue to offer time-limited interim bedded provision to enable timely discharge from hospital (hospital discharge pathway 2).
* It is likely that some care home providers who are unable to respond to these commissioning needs will choose to exit the local market. NEL will work closely with providers to support a carefully managed exit.
* NEL will continue to develop its ‘enhanced recovery bed’ framework to develop support with a reablement ethos. Strengths based assessments of care and support needs will be undertaken in partnership with people and their families in people’s own environment wherever possible. Outcome based support planning will support the collaborative setting of recovery and reablement goals. This will support a reduction and delay in the need for longer-term support.
* There will be an extension of the implementation of digital solutions with 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 health checks. 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. This also offers development opportunities for the workforce which will enhance employability and career prospects.
1. **18+ Domiciliary care market**
* The “teams not times” model will be reviewed in partnership with providers and service users to ensure that more people can continue to live in their own homes with appropriate support.
* There will be a focus on the development of more enhanced models of care delivery utilising technology and equipment to support capacity and the improvement of outcomes. For example, the implementation of the single-handed care approach to ensure proportionate support, promote independence and make better use of equipment and improved moving and handling techniques.
* NEL will continue to extend its offer of Extra Care Housing. There are currently two additional schemes in development to deliver an additional 180 homes over the next 3 years. This will see many more people supported at home and will create extra demand for care at home providers.

**How the 2022/ 2023 Funding Is Being Spent**75% of the 2022/ 2023 funding (£394,733 from a total of £526,304) was invested in support for independent sector providers of care homes and care at home. Of the total investment in support and care providers in NEL 22% was invested in care homes and 78% in support at home providers. This reflects information gathered that shows the relatively low levels of profit from support at home providers, the strategic aim of building the capacity of support at home and the qualitative evidence of sustainability and capacity challenges for support at home providers. The remaining 25% was spent on resources required to manage the Fair Cost of Care Process and develop associated returns.**Fee Rates for 2023/ 2024 across Adult Social Care Services in NEL**Principles:Fee rates for the coming year in North East Lincolnshire are as follows. These rates were informed by the following principles:* The ‘Home First’ principle which informs the vision for adult services in North East Lincolnshire. This means seeking to build sustainability and capacity of support and care services that enable people to live in their own homes for as long as possible as independently as possible.
* Fee uplifts will need to cover the salary cost pressure associated with the National Minimum Wage and reflect the inflationary pressures of non-staffing costs.
* Cost breakdowns (particularly the split of pay and non-pay costs) are informed by the best available benchmarking information for different models of support.
* Fee uplifts must be affordable within the resources made available to commissioners as a result of budget setting processes in the Council and the ICB.
* As far as is possible North East Lincolnshire seeks to maintain alignment of social care fee and continuing healthcare rates.

Key Factors Influencing Fee Rates.Non pay increases in North East Lincolnshire are informed by CPIH (8.8% in the 12 months to January 2023) as the measure for non-staffing costs.Wage inflation for fee rate setting is informed by the 9.68% increase in the National Living Wage. In order to maintain pay differentials this percentage is added to all wage elements of fee rate uplifts in North East Lincolnshire.All sections of the market have been impacted by the inflationary pressures in 2022/ 2023.Whilst capacity has been maintained in the 2022/ 2023 financial year any failure to address inflationary pressures in the coming year has been the subject of warnings about sustainability from providers of support and care in North East Lincolnshire.The resources available for fee rates for adult social care funded support and care are determined by the Council budget setting process.The resources available for Continuing Healthcare fee rates are determined by the ICB budget setting process.The split of pay and non-pay costs in the differing services have been informed by the local Fair Cost of Care data from providers and by information from other similar exercises in English Local Authority areas.Intelligence and data from the Fair Cost of Care exercise and data from other areas suggests that domiciliary care services have both the most significant challenges in recruiting and retaining staff and the lowest average return on operations. Fair Cost of Care Rates for North East Lincolnshire that emerged from the exercise in 2022 require a lot of further work and engagement with providers in coming years. Work will continue to provide every support possible to providers to sustain support and care for residents.Health and Care PartnershipWe work together as a Health and Care Partnership to align adult social care and continuing healthcare fees.**Fee Rates for 2022/ 2023 and 2023/ 2024**

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| **Service Area** |  | **Current fee rate 22/23 £** | **New rate 23/24 £** | **% Increase on overall fee** |
| Support at home |  | 16.64 | 18.32 | 10.1 |
| Supported Living |  | 17.00 | 18.68 | 9.9 |
| Supported Living Plus | 21.56 | 23.69 | 9.9 |
| Sleep in rate |  | 91.20 | 91.20 | 0.0 |
| Base residential |  | 566.44 | 617.12 | 8.9 |
| Other residential in and OOA | 0 | 0.00 | 8.9 |
| Enhanced Dementia | 842.31 | 916.16 | 8.8 |
| Direct payments | 10.94 | 11.99 | 9.6 |
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