Annex C: North Somerset Council’s Final Market Sustainability Plan

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

Assessment of current sustainability of the 65+ care home market

- There are 76 older people’s care homes in North Somerset, homes are concentrated in the main around the Weston-Super-Mare area, with a smaller concentration of care home providers located in the Clevedon area. A smaller proportion of care homes provide both residential and nursing care, (29) with many homes (37) specialising in residential provision only. Post COVID there is recognised shortage of complex mental health provision which is a key area of growth required to align with the Council’s strategic vision for the future.
- Residential and nursing care is currently commissioned using block and spot purchasing arrangements.
- Current North Somerset provision indicates an oversupply of provision for both nursing and in particular residential care:

Local Authority	Residential care (beds)	Prevalence	Nursing care (beds)	Prevalence
North Somerset	1,284	54	1,162	49
CIPFA Comparator average	1,411	46	1,392	45
England total	209,154	45	216,227	46

Source: Care Quality Commission (2021)

This over supply which has reduced in recent years, is reflected in the relative benchmarking on costs. Whilst North Somerset Council reports a higher than CIPFA comparator and England Average unit cost for Nursing Care, however its unit cost is lower than that of its Southwest neighbours. In terms of Residential Care, North Somerset reports lower unit costs than all its key comparator groups. Fee rates in North Somerset were increased by 6.8% for Older Person’s Nursing Care on 1st April 2022, and by 6.6% for Older Person’s Residential Care.

The current rates paid to residential care providers range between £555.07 and £756.14 depending on the specific needs of supported individuals. North Somerset Council has announced rate increases of 9% for residential and 9.6% for nursing fees to apply for 2023/24. Rates for nursing care currently range between £680.82 and £798.54 based again on the specific needs of supported individuals. To support care home providers during the Covid-19 pandemic, North Somerset Council made further financial provisions available to the sector, in addition to the grants made available by Central Government. This included over £1.2m of Innovation Grant to support innovation in Technology Enhanced care, carbon reduction measures e.g. solar panels and use of facilities as community assets. In addition, NSC was successfully awarded by NHS X a further £2m to support a centralised acoustic monitoring service for over 600 units of equipment and additional support to care providers to adopt digital care records (particularly smaller homes.)

During 2019/20 care home occupancy in North Somerset operated at an average rate of 96%. However, from the end of April 2020 due to rising deaths in care homes and avoidance of care settings during the Covid-19 pandemic occupancy fell to the lower eighties in percentage of occupancy but has recovered well and as at 17th of February 2022, care homes reported figures to brokerage exceeded 90% for both sectors but reported data on the Capacity Tracker is slightly lower at 87 %

North Somerset reports a higher-than-average rate of performance in terms of care home quality, see table below:

Rating	NS homes overall	NS Residential homes - All	England – Residential	NS Residential homes in scope	NS Nursing homes in scope	NS Nursing homes overall	England – Nursing
Good	87%	88%	81%	83%	83%	84%	73%
Requires Improvement	12%	10%	14%	14%	17%	16%	20%
Outstanding	0%	0%	4%	0%	0%	0%	5%
Inadequate	1%	2%	1%	3%	0%	0%	2%

This above average performance is despite significant environmental challenges within several care homes which require improvement, especially in more coastal towns where properties are much older. For older peoples services North Somerset does not have a significant sustainability issue indeed the market for residential is over saturated. Dementia services generally and nursing markets are sufficient, with mixed evidence of a short term over supply given a drop in self funder demand, however there is a need for refresh of some provision for environmental issues.

Although not the focus of this Plan we would encourage providers to diversify particularly given recognised gaps in the market for younger adults for specialist LD and Mental Health services. These issues with be explored in more detail in a refresh of Commissioning strategies and Market Position Statement currently being prepared and subject to engagement with key stakeholders including providers.

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

- North Somerset holds 4 strategic contracts covering 5 geographic areas. These strategic contracts are delivered by 3 Home Care Providers. Strategic providers are currently contracted with the expectation that they will fulfil all commissioned hours within their zone; however, no minimum contracted hours are mandated, and each package is brokered separately. The Council also has a framework agreement in place for the purpose of spot purchasing; however, all home care packages are allocated firstly via brokerage to the area providers prior to spot purchases being made. In total, there are 17 Home Care providers commissioned by North Somerset Council, and in addition the Council also commissions 3 block rounds for the end-of-life team with one spot framework provider.
- There is no set home care framework rate. Each provider will operate on a different rate based on what was tendered as part of the framework commissioning process. As for 2022 the average rate for the strategic providers (support to live at home STLaH framework) amounts to £22.35 and £23.80 for the open framework.
- Demand and supply of home care commonly fluctuates across the year with peaks for demand during the Winter and reductions in capacity during the summer months (due to annual leave and childcare for staff). The Council is experiencing an increase in demand for homecare post pandemic; in 2021, the Council commissioned over 258,000 hours, which was 1.3% higher compared to 2020 and it is forecast to increase by 8.7% by the end of 2022. The market is relatively stable with mostly small independent providers, not many new entrants and few exits from the market, although the STLaH framework providers have all transitioned to new providers since the advent of the framework.
- The costs incurred by the care staff are significantly increasing both at work and in their private lives, and thus being a homecare worker becomes decreasingly attractive in comparison to other occupations paying more without requiring the use of private vehicles. This year the Council has responded to fuel increases by also offered homecare providers an uplift of 2.11% to reflect the increase in petrol prices. The uplift will be paid on the standard hourly rate for care and will be paid for the period 1 August 22 to 31 March 23. The withdrawal of government grants is likely to have significant financial impact on the sector, with a significant proportion of providers stating that grants have been the difference between breaking even and not.
- The majority of Home Care providers in North Somerset are rated as good by the CQC. 1 provider is rated as outstanding, and only 1 provider is rated as requiring improvement.
- The Council has supported Strategic providers with a Proud for Care Retention bonus paid twice a year for all staff remaining with their provider equivalent to two week wages every six months. These payments have been available for several years and have significantly assisted retention of staff, albeit not as significant for recruitment of new staff.

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

The table below sets out the forecast demographic changes for the next three years:

North Somerset Demographic Changes	2023/24	2024/25	2025/26
18-64	0.4%	1.0%	1.4%
65+	1.4%	2.7%	4.2%

- Note this sets out by age rather than service type and does not take account of potential increasing needs. Both homecare and care home providers are indicating that the level of needs of individuals continues to increase.

- A wide range of intelligence suggests that the need for residential care in North Somerset into the future is likely to decrease because of a decrease in demand and changing needs of older people in the area and as a result of the policy objectives which strive for a Home First approach. Current benchmarking suggests we have a significant overprovision of residential beds, and modelling by the Housing LIN as part of our Older Person's Housing Needs Assessment suggest that despite demographic growth a net reduction of 158 beds by 2038 is necessary.

- The table below sets out the potential self-funder based on demographic changes. The current number of self-funders has been forecast based on ONS 2020/2021 data. This has been applied to the figures Newton Europe and CCN analysis recommend which defines 2% of self-funders are 18-64 and 98% are in the 65+ cohort.

Self-funded Service Users (%)	18 - 64	65+
Care Homes	0.8%	37.3%
Community Care	0.9%	42.2%

- Note community care is broader than home care in this scenario it includes all community based services. On the above basis however, NSC has a substantial self-funder market well above the regional and national average.

- The key strategic risks identified during the development of the MSP were similar for both the homecare and care home markets and are as follows:

    - Recruitment and retention of the workforce – which is being influenced by a number of factors (burnout as a result of the Covid-19 pandemic, cost of living, losing staff to the NHS or other sectors who can offer improved contract terms and conditions)
    - Maintaining quality in light of workforce challenges

    - Uncertainty around the FCOC outcome

- Risks identified specific to the 65+ care home market included:

    - The impact of environmental factors on the quality of provision and the restrictions in place due to the age of buildings that can limit change
    - Occupancy levels locally and the reduction in self-funder residents

- For the homecare sector, a key risk identified was:

- Managing Provider failure and packages being handed back due to viability, staffing etc.

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

65+ care homes market

NSC is committed to utilise all government funding made available to bridge gaps identified in this exercise. For several years, NSC has set annual fee uplifts at or beyond the annual cost of care increases and recognises that the unique circumstances driving up costs at present have required an in-year adjustment to our fee structure which we have implemented, with an additional 2% on all fees from 1ST of January 2023. NSC has also supported care providers, additionally to national grant funding, associated with the pressures of COVID 19, and the sector has been supported in domiciliary care by the Proud to Care Bonus and in Care Homes by the Innovation and Sustainability Grant last year which attracted match funding from both the ICB and NHS X.

Appendix B has outlined the methodology concerns, with this exercise and the appropriateness of some of the drivers in the unit costs identified in Appendix A. Namely the accuracy of the occupancy figures and whether a sustainable model would be calculated on almost one in five beds being empty. Secondly given the supply and quality of bed-based care in North Somerset and given our strategic priority and vision is to Maximise independence, and support our system’s Home First Programme, it is justifiable to ask whether investment should be prioritised on community-based care, ensuring a more robust domiciliary care workforce to meet future needs. If sufficient funding is made available, we will want to align investment to support Accommodation shift, developing Extra Care on scale and meeting specialist mental health and learning disability needs from supporting living, TEC initiatives and involving the VSCE sector in supporting individuals to maximise their independence. There will always be a place for Care home provision and as our Older Persons Housing Needs Assessment models future provision for nursing and dementia services will need to be maintained largely at current levels, but residential care demand will fall. The outcome of this exercise will improve our understanding of the detailed cost information from a proportion of our care home sector and this will be valuable information to consider as part of our broader assessment of annual fee negotiations.

Specific Actions

- Promoting a Home First Approach
- Refreshing an internal Environmental Risk Assessment of the Care Home sector determining the future viability of services and whether the estate is fit for purpose
- Considering the opportunities to make better use of under-utilised capacity to support the local community in other innovative ways and for Providers to develop alternative income streams.
- Building on the use of TEC
    - Building on the success of the innovation and sustainability grant for Care Providers to support future market directions in dementia and other specialist LD and MH services rather than existing residential provision.
- Care Home Support Hub – targeting GP support to care homes with high hospital discharge and further alignment with Acoustic monitoring centralised hub.
- Contribution to funding Sirona Infection Control Support Team
- Contribution to the Local Plan consultation to influence planning policies and target future investment e.g. development of care villages, key worker/affordable housing accommodation options.
- Developed the business case for local investment in Extra Care – the viability case has been approved as part of the Capital programme
- Considering future incentivisation of care developments with capital contribution, land sacrifice or committed section 106, CIL
- Working with health and continuing to build on existing joint commissioning activity
- Recruitment of a fixed term FTE 'Proud To Care' post whose responsibilities will focus on supporting recruitment and retention
- Recruitment of a permanent FTE Learning and Development post to strengthen the training offer for Care Providers

18+ domiciliary care market

- Development of more specialist services locally, with a focus on supported living and support for individuals with learning disabilities and mental health. This includes early work on the development of a Housing Developer DPS
- Improving the pathways to adulthood
- Exploring alternative models of service delivery to be more outcome focused, including Individual Service Funds (ISFs) and developing the micro provider market
- Adopting a mid-term approach to fee increases (fee uplift for 2022-23 was just over 6%) as well as offering homecare providers an uplift of 2.11% to reflect the increase in petrol prices (to be paid for the period 1st August 22 to March 23)
- Using Care Navigators to support self-funders to purchase homecare directly
- Building on the use of tech
- Working collaboratively with interdependent markets

- Improved engagement with the ICB through the Provider Forum
- Recruitment of a fixed term FTE ‘Proud To Care’ post whose responsibilities will focus on supporting recruitment and retention
- Expanding successful offer (currently strategic domiciliary care providers) of a Proud to Care financial bonus scheme after 6 months retention with all affiliated Provider
- Recruitment of a permanent FTE Learning and Development post to strengthen the training offer for Care Providers