

# APPENDIX 1

## Annex C: market sustainability plan template

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

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

The proportion of 65+ people with needs met by residential care/nursing is high in Barnsley; 789 compared to 584 nationally per 100,000 population.

Barnsley has generally had an oversupply of residential beds within the market, with current occupancy rates averaging at around 71% during 21/22.

There are currently 32 providers and 43 Older People's Care Homes operating across the borough, providing 1870 beds. Of these homes, 6 are registered to deliver nursing care.

As a result of the pandemic both commissioners and providers acknowledge a need to take action to ensure the long term financial viability of the care home market in Barnsley. The aim is to look to increase occupancy levels in care homes to around 90% through the reduction in overall bed numbers.

Barnsley in the main is supported by homes offering "good" support, as rated by CQC. There are a number of homes rated inadequate or requiring improvement. A number of these homes also suffer low occupancy levels. This group of providers will be a key focus for discussions on rebalancing bed numbers in Barnsley.

On a positive side, in the past 12 months there has been a slight increase in the homes rated Good compared to the previous 12 months. Currently 29 Providers are rated Good and 2 Outstanding, leaving 13 requiring improvements.

Occupancy levels in care homes remains stable, with some homes boosted by the need to place people with them to support hospital discharges, However, there remains a surplus of residential care beds in Barnsley.

Barnsley has 35 care homes who are registered with CQC to provide dementia care, however only seven of these self-describe as EMI.

As of April 2021 the council had 442 service users in residential care with a recorded status of dementia.

A number of providers are requesting additional 1:1 support for people they are struggling to support. We will look to work with providers to better understand and develop the offer around residential support for dementia and higher level of needs.

Barnsley currently hosts four schemes designed to offer extra care, however until recently none of the schemes included on-site care arrangements.

A 24-hour model of wellbeing and care was awarded to a single provider operating at two of our extra care schemes in April 2021. The council will consider the option of extending the model.

Barnsley has implemented an enhanced fee to providers willing to pay staff £1 above the National Living Wage (NLW). Up until recently this had helped maintain recruitment across residential care but have seen less impact recently due to other sectors (e.g. retail) offering better pay.

In 22/23 the Council awarded a 10.6% increase in residential care fees to address providers' concerns regarding sustainability (to recognise pressures post pandemic in the cost of delivering care) and cost elements within the Council's own care cost model that were perceived as not reflective of market costs. The Council directly passed onto providers, through the higher fees, the full allocation of the Market Sustainability Grant (£835k) to partly address the anticipated gap expected from the fair cost of care exercise.

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During 22/23 a number of Providers have contacted the Council with concerns around their financial sustainability. The cap on energy costs came at a vital point for some providers who have been able to continue to operate. To date only one home has closed during 22/23, which was due to quality concerns and organisational safeguarding, not financial sustainability. Providers have continued to struggle to recruit to ensure have sufficient staffing numbers to support people safely, which we believe has led to an increase in safeguarding referrals.

As a result of flow and capacity pressures related to hospital discharges and funding that was awarded to each Place, the residential market has been artificially supported around occupancy levels. Some of the homes with the lowest occupancy levels have found themselves being used extensively to support hospital discharges. This has complicated the picture of the current market given the short term nature of the current approach and will need to be managed with providers.

The delay of the funding reform proposals has had a limited effect on the market. The Council believe this may in part be due to the local use of top ups by providers, which has supported them to continue to charge higher rates. Further exploration of this approach is required to better understand how this is being used and also ensure it is not being used to pay for the cost of care.

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

At the start of 2022 there were four providers operating under the framework contract, however with the significant increase in demands for home care, the council has entered into spot contract arrangements with other homecare providers operating in Barnsley. The number of spot contracted providers picking up packages of homecare to support capacity has increased by 104%, from 21 providers (May 2021) to 43 in July 2022.

During 22/23 the Council moved from a framework contract with only 4 providers to an open framework contract that now has 50 providers registered.

The Council continues to promote a shift away from residential care which has led to a sustained increase in demand for homecare services and a matched decrease in the number of people supported in residential care.

Workforce challenges had been adversely affecting capacity in the homecare sector which has led to unallocated packages of care over the last 6 months, and short term residential care being offered. However this situation has dramatically improved in the past 3 months.

Currently, the Council is in a fortunate position where due to the number of providers registered on the framework contract there are no delays to people requiring home care support. The Brokerage team receive multiple responses from Providers to referrals.

As part of this the Council continues to develop and build its reablement model. During 2022 the Council extended the reablement offer so that anyone had a period of reablement support before any long term offer of support. This was adopted as part of the Councils broader demand management approach and has resulted in a reduction in the number of people needing long term support. There are vacancies within the reablement team, that we will continue to recruit into, but this is reflective of the general challenges to recruit in this sector.

The increased number of providers will increase concerns around performance, quality and general oversight. The use of spot provision had increased the risks around safeguarding concerns with some providers when issues have been identified. With more

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providers within the contractual model we will have greater oversight to how Providers are supporting people. Capacity to do this though will need to be reviewed and a proportionate approach taken given the large number of Providers

Workforce challenges are the biggest risk to sustained delivery of homecare. However, as a result of the new Framework model a number of new providers have declared an ability to offer support across Barnsley. Although we have no unallocated cases currently due to Providers having additional capacity it is unlikely to be a long term position as providers will move capacity to other areas where they can be allocated work, so the Council will need to manage and balance demand and capacity across Barnsley.

Low wages - Providers operating under council's framework contract have committed to paying their staff £1 above the National living wage. In Dec 21 a further uplift was awarded to providers to bring forward the NLW uplift expected from April 22. As per residential care, funding reforms budgets were used to support above in inflation fee increases for 2022/23. People also report of a lack of career opportunities. Other sectors are able to offer better pay, defined contracted hours and less responsibility and are a more attractive alternative to working in homecare. The winter discharge funding was used to support Providers retain capacity and find ways to increase capacity. They managed to do this through a variety of incentive payments or use of drivers to support staff not able to drive.

Training and Development - There continues to be a lack of investment in training and development of workers and no defined career pathways into health and social care.

Business continuity / winter planning – care providers can be reluctant to take on new packages of care as this limit the flexibility to use existing staff to cover absences. This trend has been partly mitigated through the use of winter discharge funding which has supported them to build additional capacity.

The delay of funding reforms has had limited impact on the home care market in Barnsley. With the introduction of the new framework contract providers have been keen to secure a position, knowing that this will be the first point for all referrals.

As per the residential sector, Barnsley has always required providers to pay staff £1 above NLW. This continues to help providers recruit compared to other areas, but increasingly other areas adopt this approach so the impact will start to diminish.

### **Section 2: Assessment of the impact of future market changes (including funding reform) over the next 1-3 years, for each of the service markets**

Following engagement with Providers in Barnsley we believe there are approximately 800—1,000 people who are currently funding their own care and support, who would potentially meet the eligibility criteria under the Care Act. This is evenly split between residential and community-based support and represents around 40% of the demand

People funding their own care can already ask the Council to manage their care for them, but have to pay an administration fee on top of the care costs.

Barnsley already has a surplus of residential care beds and reasonable provision of nursing care beds. The changes are unlikely to impact on availability of beds.

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The Council will seek to discuss commissioning approaches and fees with regional neighbours to avoid one area experiencing significant increases in demand due to varying fees and an area becoming attractive for self-funders.

In the past Barnsley had waiting lists for people requiring domiciliary care. At its peak this was as high as 110 over the last winter period due to the impact of the pandemic. This has subsequently been removed with the new framework contract. There remains though a concern around the long term ability to maintain capacity in domiciliary care due to pay, terms and conditions. The Council will continue to work with Providers to maximise recruitment into the sector to build the required capacity.

Additionally, we will be working to identify other ways of supporting people by identifying community assets and creating new community capacity. Involving people who pay for their own care in these arrangements will support sustainability and promote choice and control.

We will also look to explore with providers how using digital solutions or other assistive technology options can improve the way support is delivered and reduce capacity requirements around double handed care.

### **Section 3: Plans for each market to address sustainability issues identified, including how fair cost of care funding will be used to address these issues over the next 1 to 3 years**

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

Our commissioning approach to residential care focuses on 3 themes:

- Sufficiency – have a diverse range of good quality provision
- Quality – support meets the standards we expect, is safe and well-led
- Value for Money – have the right balance to cost and quality

Barnsley's population is growing, and aging. The borough is projected to be home to 262,376 people in 2030, and nearly a quarter – 23% - of these residents –will be over 65 (60,471 residents).

2,283 people were receiving BMBC funded LTS as of the end of January 2023. Of those 703 of those people were in residential placements.

o 889 of those were Homecare service users.

63% (1,669) of packages were for those aged 65+, and of those, 48% (796) were residential placements.

There are a number of factors that will influence the levels and nature of future demand for Older People's Care Homes:

- Our "Home First" approach
- More people living longer, with more complex needs
- Impact of Social Care Reforms

The ASC Use of Resources report, 20/21, shows that Barnsley's spend per adult across short- and long-term care is relatively low and is ranked 148 out of 151 Councils overall. Similarly, Barnsley ranks 131/151 LAs when looking at spend for adults aged 65+.

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Where long term support to people aged 65+ is provided Barnsley remains more likely than most to meet that need with residential and nursing care homes. Barnsley is 17<sup>th</sup> of 151 authorities in this regard.

### Sufficiency

Barnsley has more Care Home beds than it uses, with a current occupancy rate of approximately 80%<sup>6</sup>. Whilst used capacity over the last 12 months has increased from a low of ~70% during the pandemic, this is still lower than we would like - and compares to an occupancy rate of ~85% regionally, and nationally. Low occupancy rates are more likely to lead to provider failure due to financial instability

### Quality

31 homes, with 1377 beds, are rated as Good or Outstanding by CQC (Care Quality Commission) including 3 homes who have not yet been inspected under new ownership but were previously rated as Good.

14 homes, with 630 beds Require Improvement

Of the nursing homes in the borough, 3 are rated as Good and 3 are rated as Requires Improvement.

### Value for Money

We have operated a costing model for residential care for a number of years and last year increased fees by 10.6% to support providers to offer good quality care, employ and pay staff at above the NLW.

We have engaged with providers around the cost of care in fee setting discussions. The Council had some concerns around elements of the data fed back through the FCOC and therefore has not used the FCOC as the baseline position for fee setting in 2023/24. However, the FCOC work has been a helpful benchmark and as a reference point to use in fee setting discussions.

On this basis and following engagement with providers, the Council is implementing an average 11.3% uplift in care home fees for 2023/24. This was an enhanced offer from the 10.3% initially proposed to Providers, following discussions on fee uplifts and feedback from Providers on cost pressures not reflected in the cost of care model used. The Council will look to gradually move towards the FCOC in future years depending on what funding will be made available to the Council. The table below summarises the fee rates for 23/24 compared to previous year:

	Residential (non-dementia)	Residential (dementia)	Nursing (non-dementia)	Nursing
22/23 Fee Rate	£652.82	£708.65	£862.01	£917.84
23/24 Proposed Fee Rate	£728.71	£788.74	£948.42	£1,008.45
% Fee Increase	11.62%	11.30%	10.02%	9.87%

\* Nursing rates include confirmed FNC rate of £219.71

For 23/24, the 11.3% fee rate inflationary uplift for +65 care home provision is estimated to cost the council £2.9M (full year effect). This will be funded from using part of the allocated market sustainability & Improvement Fund grant, Council Tax Precept and other council core resources (from generated efficiencies).

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	Market Sustainability & Improvement Fund grant	Council tax ASC precept	Other Council core resources (i.e. efficiencies)	Total
+65 care home fee uplift	£1.177m	£0.812m	£0.852m	£2.868m

### Commissioning Intentions

We aim to deliver a sustainable market by offering sufficient placements of a high quality – supported by an appropriate cost of care model, able to meet the current and projected needs of the borough, including offering service user choice.

This will mean we will be:

- reducing the number of beds we have across the borough – particularly residential beds - to focus resources on increasing occupancy and quality in other homes – we will do this gradually and safely so as not to disrupt providers or stable and good packages of care.
- developing a collective vision and understanding of what quality residential provision of care for people with dementia and EMI looks like, as well as working with existing providers to increase capacity and quality of dementia care in the borough
- Exploring how the use of digital technologies in Care Homes to improve care – positively impacting on the experiences and outcomes of people receiving care and support, and on the safety and effectiveness of services.
- Work with providers to address financial pressures around energy efficiency. Care homes and nursing homes could reduce their overheads and have more money to invest into their services – contributing to market sustainability and cost of care modelling. Reducing their carbon footprint would also help with environmental sustainability.

The Council also recognises the role primary care and community health teams have around the delivery of support in residential care homes. The Council has started to discuss improvement plans with these stakeholders to produce a joint plan. This is intended to target concerns around hospital admissions, ambulance transfers, falls and medication.

The new ICB governance arrangements include a new Quality Committee. A sub-group of this focused on residential care. Regular updates on quality issues will be reported to this group to support escalation of issues affecting the quality of care and support for proposals for how to make improvements.

### Workforce Development

All providers are feeding back pressures around workforce and recruitment. Pay remains the number one issue.

Additionally we are working with key infrastructure partners in Barnsley to create a Proud to Care Hub to support the sector around recruitment, career progression and training.

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A number of homes currently have either new or interim Managers in place. This is key leadership role for care homes and often an issue around homes taken into organisational safeguarding. One of the areas being discussed is how we can support and engage with this group to ensure homes are well-led.

### (b) 18+ domiciliary care market

Through 22/23 there was an imbalance between demand and market capacity which placed care providers in a relatively strong position.

2,283 people were receiving BMBC funded LTS as of the end of January 2023. Of those 889 were Homecare service users.

The Council has recently adopted an open framework of contracted providers to address three key areas:

1. Quality: allowing more providers to join the framework to deliver against a comprehensive service specification to provide greater oversight of service delivery, provider performance and accountability.
2. Finances: A new framework will allow us to set fees and use **the fair cost of care** exercise to inform the development of a fee structure, that will deliver cost savings for self-funders who chose to use the local authority to purchase their care and supports market sustainability.
3. Efficiencies: Simplifying financial and payment processes in finance and commissioning will release back-office time to support fee uplifts etc.

The new framework has been signed up to by the majority of Barnsley registered providers as well as a number from the surrounding area. This has meant we are now in a relatively good position where we have an over-supply of capacity with Providers having to compete with each other for packages through the framework.

We wanted to have more providers on the framework contract to improve oversight of their service delivery and quality and reduce the variation in higher fee rates. Through 23/24 we will start a programme of audit / inspections with providers based on a risk criterion.

The Council used 100% of the funding in 22/23 to improve the fees across all services in Barnsley. A 9% uplift was awarded to Home Care providers in 22/23. The Council will continue to prioritise home care and ensure fees for 23/24 reflect cost of living pressures. The table below outline the planned fee rate for 23/24 compared to the previous year:

22/23 Average Hourly Rate	£20.67
23/24 Average Hourly Rate	£23.00
Variance	£2.33
% change in fee rate	11.3%

The Council has previously agreed an enhanced fee level with providers to ensure home care workers get paid £1 above the NLW. This continues to be built into our fees model (included in the 23/24 rate) in order to continue to encourage and promote recruitment into these vital roles.

For 23/24, the 11.3% uplift for the domiciliary care average hourly rate is estimated to cost the council £1.1M (full year effect). This will be funded from using part of the allocated

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market sustainability & Improvement Fund grant, Council Tax Precept and other council core resources (from generated efficiencies) – see table below:

	market sustainability & Improvement Fund grant	Council tax ASC precept	Other council core resources (i.e. efficiencies)	Total
Domiciliary Care	£0.467m	£0.322m	£0.338m	£1.139m

Recognising the variation in responses from Providers around the treatment of profit margins we would want to engage with providers in discussions around how these elements will enable providers to deliver on the integration agenda and how the fees structure would support this.

As such, we believe the FCOC exercise has helped to establish a useful baseline and reference point for discussion regarding cost of care based on the current model of delivery but want to work with Providers to agree a fee structure that support the broader commissioning intentions and the impact on support in key cost areas. An outcomes based approach is still a model the Council would like to explore, but due to the pandemic these discussions have had to be delayed but remain part of the future way of working we want to explore with Providers.

Providers have fed back that traditional commissioning models for home care continue to give them challenges in supporting them to recruit and more significantly retain staff. We see the opportunity to work with providers around the health and social care integration agenda as an opportunity to look at more helpful ways of commissioning home care.

We have met with Providers to share with them summary details from the FCOC. The Council has some areas it will look to clarify with providers but is committed to supporting the sector and moving towards an agreed FCOC based on what funding will be made available.

We will support Providers to look at how they can engage with the digital agenda. The ability to share information between partners is a key part of any community model of support, but there is wide variation across Providers in their current state of readiness to work in this way.