

## Annex C: final market sustainability plan – Warrington Borough Council

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

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

**Summary:** Warrington currently has 31 care homes for older people (1589 beds in total), of which 18 offer nursing and/or nursing dementia care and 13 exclusively residential or residential dementia. Occupancy across the sector is currently circa 90% albeit this varies by category of care and homes.

There is a diverse local market, with a range of smaller care homes (typically converted properties), and larger care homes (commonly more modern). The mix of providers means there is no dominant provider based on size and type, and there remains a range of National, Regional and local independent operators.

Size of care home	Number of care homes
Small (0-40 beds)	8
Medium (40-80 beds)	19
Large (80+ beds)	4

The quality of current services is broadly in line with regional averages (76.1%), with 77% of homes rated 'Good' or 'Outstanding' (analysis from Jan 2023). Focussing solely on nursing homes, the quality of these services is on average lower, with 71% of nursing homes rated 'Good'. Long-term trends indicate more frequent quality concerns in some of the larger care homes (>80 beds). The most frequent area for improvement identified by CQC is in the domain 'Well-Led'. The Council continues to invest in a pro-active Care Quality Monitoring team to support registered managers to improve the quality of provision. In the last 2 years there have been 2 significant home closures that reduced the total bed capacity by circa 10%. There are 2 substantial new builds opening in 2023 the first in January 2023 and the second in May 2023 – there is also some planned re-opening of mothballed capacity which will replace the lost provision adding around an extra 10% to the overall bed base.

Currently there is now consistently insufficient supply of nursing dementia and specialist dementia care, this was previously exposed most during the busier winter months and/or in the last 3 years when closures have occurred due to Covid-19 outbreaks. Capacity would need to increase by around 15% (25 beds) in nursing dementia to meet current local demands, however other factors impact the demand for beds i.e. other local authority areas placing in Warrington due to sufficiency issues in their borough's and the number of self-funders. There remains three homes that continue to have occupancy levels that are not considered sustainable albeit have improved in the last 6 months. Additionally fees as illustrated by the fair cost of Care exercise are presented by providers as well below what they believe will enable them to deliver *sustainable and good quality care*.

Increases in the instance of top-ups have begun to impact on the ability (and legal requirement) for WBC to provide choice and sufficiency of beds that do not attract an additional first or third party contribution. Currently 68% of all beds require a top up. This has resulted in a dependency on a small number of larger providers (5) whom continue to accept the Council's usual fee rate. The Council remains the largest purchaser of care in the Warrington market (approx. 50% of all available beds).

The Council's usual fee rates for 2023/24 are due to be uplifted by 9% from April 2023 which will account for some inflationary pressures but will not meet the cost of care exercise response averages for each category. A full analysis of the cost of care data is provided in our Annex B report along with caveats to the data due to

occupancy levels at the time of the exercise, Covid-19 impact etc. A copy of the report can be found here: [Fair cost of care | warrington.gov.uk](https://www.warrington.gov.uk/fair-cost-of-care)

The Councils Residential and nursing care weekly fee rates payable from April 2023 will be:

- Residential - £611,
- Residential Dementia - £695,
- Nursing - £699 + FNC at £209.19 and
- Nursing Dementia - £739 + FNC at £209.19

Whilst these rates compare reasonably with neighbouring Authorities there are local considerations associated with recruitment and retention issues that are driving costs upwards. The result of this is that the Council are as noted now routinely making placements at higher than standard fee rates in order to meet need and statutory duties.

Many albeit not all providers have highlighted the current fee rate set by the Council is not sufficient to provide 'sustainable and good quality' care, particularly for those entering their services with higher level needs. Providers are now more frequently introducing one off or additional costs to 'usual rates' to cover additional elements such as 1:1 care.

Providers have also reported that the FNC rate is not sufficient or attractive (at £209.19 per week) to grow the business into this category of care. The requirement to staff with a nurse 24/7 requires a volume of nursing clients and for particularly smaller Residential Homes that are considering diversification to become a nursing home have said they cannot create the economy of scale at the fee rates available.

Services are commissioned on the basis of client choice, availability to meet the assessed need at the time and affordability (if the home of choice charges a top-up). As highlighted and detailed within the Cost of Care exercise, the Council's usual rates are currently below the average provider reported cost of care. In order to remain sustainable several providers state they are becoming more reliant on the private fee paying market.

Providers have reported their top 2 business challenges as:

**(1) Recruitment and retention of staff.** Providers confirmed that local competition for staff is driving up pay costs in an unsustainable fashion affected also by inflated agency fees. Nurse recruitment in particular has been reported by providers as extremely challenging and more acute in Warrington than in other areas. Several providers have temporarily 'mothballed' beds due to inability to recruit sufficient staff to operate safely at full capacity.

Labour market statistics indicate the strength of the Employment in Warrington with unemployment at 3.6% compared nationally (4.9%) and regionally (4.7%). The higher than average levels of employment reflect in average earnings which are significantly higher than the hourly rates of pay within the care sector. Overall market conditions are very challenging in relation to the workforce and as a consequence some homes are also reporting a high dependency on agency staff.

Our anticipation is that this sector may not grow substantially in terms of the overall number of beds available but will adjust with a gradual reduction in 'standard' residential care and growth of, dementia sensitive/specialist services and also for example reablement and/or short breaks care.

**(2) Increased operating costs.** Cost pressures have been significantly different to previous years due to legislative changes to workforce pay (NMW), competition for staff and unprecedented inflation.

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

**Summary:** This is a fragile sector and one where demand has consistently outstripped supply. Our assessment is that this market needs to grow by a further 15-25% over the next 12-24 months to meet local need.

Domiciliary Care Services are currently provided for around 950 people, and currently around 10,500 hours of care per week of care with each person receiving an average of 11 hours per week. There are 17 active providers albeit 80% of this is delivered by 7 main agencies. Supply has risen over the last 2 years by around 15%. Approximately £11.5 million is spent annually by Warrington Borough Council on domiciliary care services.

There is a good level of diversity in the local market, with a range of smaller, medium and large care providers. Volume of work between providers ranges from a few hours per week to providers with 2,000 hours per week. The level of diversity in the rural areas of Warrington is reduced due to the recruitment challenges and also the costs to the provider in relation to fuel and travel. Outlying areas of the Borough are generally served by the higher cost single purchase providers.

The number of different suppliers and the way that services have historically been commissioned has meant that workers are often travelling long distances between calls and this had reduced capacity. A new framework agreement has been commissioned and implemented on 1<sup>st</sup> March 2023, the borough of has been divided into geographical zones with a total of 7 providers serving the 3 zones (3 providers in East, 2 Providers in South and 2 providers in West). The aim is reduce travel time/costs and increase contact time. The fees have also been structured with an Urban rate and £1 per hour more for the Rural rate to incentivise workers to travel.

The quality of provision in Warrington is 71% it is lower than the national (82%) averages based on the number of providers who are rated by CQC as Good or Outstanding (data from Jan 2023). However in March 2023 a further provider has been rated by CQC as good and will improve overall percentage.

Demand and supply of home care has historically fluctuated across the year with for example peaks for demand during the winter time. This has changed in the last 18 months with demand now consistently high across the year and commonly outstripping demand in all parts of the borough (rural and urban).

Capacity in the domiciliary care service has been significantly impacted over the last 12 months by a range of issues, primarily difficulties in recruitment and retention and rising numbers of people needing care as we embed our 'Home First' philosophy.

The increase in demand at a time of reduced capacity has resulted in a 10-15% under supply of care. The impact of this is more people waiting longer for care to start illustrated by the increase to the care hours awaiting placement/unmet need, which rose to record levels in November 2022 of 1100 hours affecting around 100 people directly and impacting outcomes for individuals and the system as a whole with delays in the hospital discharge and move on from reablement and intermediate care services. The current awaiting placement/unmet need is 420 hours/48 people waiting.

Recruitment and retention remains the main challenge to providing sufficient capacity to meet demand. Providers continue to report poor recruitment into the home care sector and local research confirms staff turnover rates of upwards of 25%.

The challenge to compete and match the terms and conditions in alternative sectors remains difficult. Local evidence indicates the sector has particularly struggled to attract younger care workers (under the age of 30). Providers report that there are a number of issues affecting recruitment Including **(1)** low pay and poorer terms and conditions in relation to other opportunities **(2)** cost of travel and running a vehicle to deliver care **(3)** the cap on earnings for those on benefits is acting as a disincentive for staff to undertake additional care hours **(4)** Service user choice and not for example wanting, Male Carers **(5)** Lack of opportunities to progress within the sector through training and development

The Council are seeking to work with providers to address all the above. The domiciliary care 'Urban' base rate payable from April 2023 is £21.05 per hour (an increase of 9% to account for inflationary pressures) pro rata for other visit durations i.e. 15 minutes, 30 minutes and 45 minutes and £22.05 per hour for 'Rural' areas. This rate will be regularly reviewed based on the market conditions. In addition to the base rate, the Council commissions care from higher cost single purchase providers and agency workers at a higher cost than the base rate. This is currently 32% of all care owing to the growth of agency and single purchase hours. Services are commissioned based on availability of a care package which can meet the identified need. To ensure service user choice we also offer a Direct Payment option. As highlighted and detailed within the Cost of Care exercise, the Council's hourly base rate is currently below the reported cost of care. The Fair Cost of Care grant funding was utilised to increase the hourly rate paid to providers to increase fuel payments to staff and attract new staff to the sector.

As detailed within the residential and nursing section above, market statistics shows that Warrington has a low level of unemployment and has higher than average levels of average weekly and hourly (£16.03) earnings, these are significantly higher than the hourly rates of pay within the care sector. Current market conditions are extremely challenging in relation to the workforce and we need to work with providers to find ways of positively helping them to grow their provision/businesses to meet the demand.

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

It remains difficult to forecast how the market/s will be affected by the policy, demographic, other user choice changes that are current and expected. This is exacerbated by the uncertainty of the scale of investment or funding that may be available to Local Government to narrow the gap between the current fees and those reported to deliver sustainable good quality care.

Our home first approach coupled with the urgent Community response and growing reablement offer are impacting the care requirements locally. We have seen a reduction in the use of residential care with more people seeking and using care at home long term is expected to continue and we are looking to substantially grow significantly the use of direct payments which are lower than neighbours.

Impact projections are therefore tempered by the current uncertainty over both markets ability to manage the anticipated inflation and other cost increases. The spikes in inflation and costs that are challenging the viability of providers may improve or worsen and when local recruitment and retention is factored into this – even short term market assessments are problematic.

The fair cost of care outcomes indicated that to create '*sustainable and good quality services*' fees will need to rise. However, it is notable that throughout the FCOC assessment period there has been considerable change, inflation and workforce challenges such as sickness and recruitment, but also the ending of additional grant/support funding for the sector distributed during COVID – this means the last 2 years are unique in terms comparators.

With regard to the Social Care Reform (fair cost of care, new thresholds for local authority funding, lifetime cap on care costs, private funders to access placements through Council contracts) work is ongoing to quantify the impact over the next 1-3 years to Care providers *and* the Council. For example, it is unclear if those providers currently with top ups will seek to maintain a differential from the implemented rate even if this is met under a new fee structure. The implication is that there may continue to be differential fees between homes.

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

**Note:** As part of these plans local authorities should also demonstrate how they complement other strategic documents, such as, but not limited to their Market Position Statements and demonstrate how they have worked with local providers to develop the plans in this section.

The fair cost of care funding will be used predominantly to invest in 4/5 main areas to address outcomes for those who receive care, sustainability, quality and sufficiency of provision. The Council has engaged with local providers over time and 5 key issues have emerged consistently as priorities to address market sustainability. Whilst these differ slightly between sectors the core is the same issues identified and align with previous market assessments, social care strategy and Health and wellbeing/Plan Plans;

1. **Fees** – enable business model that support growth;
  2. **Pay, terms and conditions** – Pay, terms and conditions of staff are improved and compare favourably with other local sectors - where possible meeting the Living Wage Foundation rates;
  3. **Training and career pathways for staff** – Creating opportunities for staff to develop skills through more accessible and appropriate training with models and pathways for staff to progress;
  4. **Provider capacity to change and develop services that meet new and growing needs** – To grow supply where demand is outstripped through change or service development eg Dementia Care, Short breaks etc.
  5. **Sufficiency and consistent care to meet need** – Enabling more stable staff teams and for providers to deliver for example more complex care confidently in.
- \* 5. (*Care Home Specific*) **Improvements to the environment of care** –enabling improvements, upgrading and modernising care home environments particularly those that will support or enable them to meet needs better.

#### **Impact/outcomes anticipated**

- **Improved recruitment and retention** – Ensuring there are sufficient and consistent staff to meet demand;
- **Improved skills and capacity to meet need (including complex)** Less one to one care and fewer escalations of need requiring moves/safeguarding.
- **Improvement in Quality**
- **Demand** outstrips capacity in in relation to 24 hour Nursing Dementia care and challenging/complex care;
- **Reduction in provider failure and risk of closure.**

The Council's strategic aim is to maintain people at home for as long as possible with a home first approach. To enable us to meet this aim we have commenced a number of projects to support the market to deliver the relevant outcomes:

- **Cost pressures** – The Council will increase standard fees for Residential and Nursing Care by 9% in April 2023. The same increase will also be implemented to the base rate for Domiciliary Care. In addition, due to the fuel cost increases, the Council provided Domiciliary Care providers with a 40p per hour increase in June 2022, the expectation was this funding was to be passed onto care workers – we have now incorporated this increase into our base rates from April 2023.
- **Recruitment and retention** – The Council has offered incentives to domiciliary care providers to be paid to new and current care staff to make the role attractive and show appreciation of the work they undertake with a hope this would support recruitment and retention – this was in response to a number of companies in the local Warrington region offering joining incentives. As above, we have increased fuel allowance for care workers to meet increased costs and hopefully retain care workers as providers reported losing staff to other care jobs where travel was not required due to the cost impact. We have recently implemented a new Care at Home framework moving to smaller zoned working in the borough, along with a usual fee rate for urban and a higher rate for

rural we are hoping this will limit the movement of care workers between providers and improve retention.

- **Capacity** – The council has funded a large care home to reopen mothballed nursing units to meet the nursing dementia demand. We have also worked in partnership with a further home to reopen/change the use of units to Dementia Plus services to meet the challenging/complex care requirements. A new service specification and pricing structure was implemented to make this service financially viable for the provider. In addition we have commissioned a further reablement service jointly with another local authority to ensure that people recover after a stay in hospital and are re-abled as much as possible before returning home with longer term care (if needed). We are currently reviewing available options to continue to commission transitional beds post the end date of the current contract to maintain capacity. The council is also entering into block contracts with providers to ensure sufficiency locally in the pressured areas of Dementia Nursing and we are constantly reviewing if blocks need to be increased to meet demand.
- **Training and Development** - A new Health and Social Care Academy has recently been developed and will be instrumental in bringing together key stakeholders, further education and higher education, local authority, employers and the voluntary / third sectors across Warrington to evolve the concept of the HSCA, discuss and approve its design, facilities and resources and, crucially, its education and skills training offer over the short, medium and longer term. The council will continue to develop and work as part of 'Place' in collaboration with partners to enhance the offer of the Health and Social Care Academy.

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

##### **Year 1:**

- **Cost Pressures** – The Council will utilise the additional funding from Government as a result of the Fair Cost of Care exercise in the first instance with the aim of closing the gap between current fee rates and the assessed fair cost of care. The uplift will be implemented in April 2023 along with a review for further inflationary in October 2023.
- **Recruitment and retention** – Ensuring providers are paid a fairer cost of care is expected to enable them to offer improved terms and conditions to care staff and thus attract and retain more people to these job roles. The council will explore the potential to make the living wage foundation rate pay this conditional in any fee to introduce for all those working in this sector during 2023/24 changes. In addition, the council will continue to develop and work as part of 'Place' in collaboration with partners to enhance the offer of the Health and Social Care Academy.
- **Demand/Capacity/Complex** - The tender of the Residential and Nursing care contract via a Dynamic Purchasing System will ensure that providers developing and offering more complex care can join the Council contract at any point during the contract term if they meet the requirements, this will ensure a varied framework of providers to meet the local demands. The Council also intends to review the fee structure and ensure it is fit for the future or if there needs to be a change to accommodate the advanced nursing and complex dementia care demand. Work has begun to detail the modelling of social care demand and the care pathway to understand, where when and why people enter services, what support they access and any service transitions. We have developed a new strategic plan for commissioning which will be launched in year one. In addition we have block purchased a number of beds in nursing provision to ensure capacity meets demands.

##### **Year 2:**

- **Cost Pressures** – As year one, The Council will utilise the additional funding from Government as a result of the Fair Cost of Care exercise to pay the fair cost of care to avoid cross subsidisation of self-funders. Any uplift will be implemented in April 2024 subject to a review to pressures faced by providers.

- **Demand/Capacity/Complex Needs** – As the strategy in Warrington is to maintain people at home for longer, we will review all underutilised residential arrangements in partnership with providers to develop more sustainable nursing care. This is dependent on the increase of fee rates and also the NHS Funded Nursing Care element being adequate to fund smaller homes to provide nursing care. The increase in fees should in turn result in higher staffing ratios being affordable by homes and therefore their ability to support people with more complex needs.

**Year 3:**

- **Cost Pressures** – The council will commit to reviewing cost pressures each year in partnership with providers to ensure, where affordable, the annual uplifts match the cost pressures faced by providers. This ensures that the Council will continue to pay the fair cost of care.

**(b) 18+ domiciliary care market**

**Year 1:**

- **Cost Pressures** – As per Year One of residential and nursing care above (section a).
- **Recruitment and retention** – As per Year One of residential and nursing care above (section a). In addition, we will implement zoned working and set fee rates in care at home to improve workforce retention by limiting the movement of care workers between provider.
- **Demand/Capacity/Complex** - The retender of the Domiciliary Care contract will ensure that care is delivered in the most efficient way across Warrington. Moving away from a Warrington wide contract and adopting a provider zoned approach aims to reduce travel time/costs and increase capacity. In addition we will pay enhanced hourly rates for the harder to reach rural areas of the borough to incentivise providers in the nearest zone to provide care. We will also work with providers to facilitate package swaps to ensure efficiency in service delivery.
- Moving care away from 15 minute welfare and support interventions to alternative provision

**Year 2:**

- **Cost Pressures** – As year one, The Council will utilise the additional funding from Government as a result of the Fair Cost of Care exercise to pay the fair cost of care to avoid the reliance on high cost single purchase providers and agencies. The uplift will be implemented in April 2024 following review for further inflationary pressures faced by providers.
- **Demand/Capacity/Complex Needs** – Home first expansion will continue as the strategy in Warrington is to maintain people at home for longer, we will ensure the new contract for domiciliary care is developed further to include a Trusted Assessor model ensuring fluctuation in care requirements are implemented quickly and safely by the provider without a full social work assessment being required.

**Year 3:**

- **Cost Pressures** – As per Year 3 of residential and nursing care above (section a).
- **Provider Closures/Provider Handbacks** – We will continue to positively engage with our service providers to try to prevent home closures and handbacks, we will regularly review the risk of home closure by monitoring the intelligence received and RAG rate accordingly.
- **Demand/Capacity/Complex Needs** – We will create a ‘Market Prospectus’ with identifies the strategic areas for growth, the benefits of delivering services in Warrington and support available to the market.