Annex C: market sustainability plan template

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

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

Within the London Borough of Barking and Dagenham we currently have 10 care homes which provide care for the over 65s. This includes one local authority owned home. Three of our homes are entirely residential, with the other seven being nursing or a mix of nursing and residential. This equates to 611 beds across our over 65 residential market. However, 50% (308) of those beds are across only three providers, which creates a reliance on a small number of providers.

We have found that there are no geographical cold spots when it comes to care home coverage, with our providers spread across the Borough. There is a cluster of care homes around Eastbrook and Dagenham East.

COVID-19 caused uncertainty across our care home market, especially in terms of capacity, with every home experiencing multiple closures across the pandemic. However, since then we are experiencing capacity issues across our homes, particularly in residential care. Many of our homes are currently operating at 100% capacity, with others at 90%. Homes have historically predominantly accepted LBBD funded residents over other boroughs, however as fee competition has increased we have seen a higher proportion of other boroughs placing in our care homes. This includes outside of North East London.

Currently the Council has a base rate in 2022/23 of £683 and £695 for our residential and nursing placements respectively, which is currently accepted by only 42% of our market which places restrictions on our ability to place at our base rate. Over the Q2 of 2022/23 we have placed at an average of £728.27, excluding those that have higher rates due to care needs.

Consistently throughout 2022 we have had to pause community or respite admissions due to a shortage of beds in the community that accept our rate, which indicates that our market is operating near capacity. Subsequently we are concerned about the ability to cater for a growth in need.

We have one provider who has a CQC rating of requires improvement and have suspended one further provider due to quality issues. This provider is currently under a Notice of Decision process with the CQC which the provider is appealing. The suspended provider is our largest care home with 20% (120 beds) of our market. They were also a provider who accepted our base rate for nursing and residential placements. Removing this number of beds from our market since September 2022 has placed significant pressure on the market.

It has been made clear from the Fair Cost of Care exercise, wider provider engagement and feedback and from the market's response to our rate that the above base rates are not sustainable in supporting the care market in the London Borough of Barking and Dagenham. In April 2023 the National Living Wage is increasing by 9.7% and inflation is around 10%, this places even greater pressure on our provider market. The Local Authority has had to respond to this pressure to continue to support our market, further information which can be seen in section 3.

We know from recruitment pressures experienced across the sector that low wages are a constant obstacle. Therefore many providers will have to increase their wages beyond the 9.7% increase to continue to attract and retain staff. Wages and retention remain a severe threat to our market sustainability.

As well as some national providers, such as HC-One, Barchester and Bond Care we also have a number of smaller providers who are single home operations (3 homes), this means that the Council carries an element of risk for these providers and their viability.

The delay of the Cap on Care Costs reform has created uncertainty in the market and damaged relationships with providers.

We know that our market is impacted by the national workforce pressures with many of our homes reporting higher vacancy rates. We are supporting our market with recruitment through a job broker service and a central recruitment portal hosted by Care Providers Voice (CPV). CPV are a sector led organisation that supports social care providers with recruitment, training and representation at local, regional and national levels. They represent the majority of providers in the borough and support the Council with provider engagement. They have conducted a workshop on our behalf in relation to market pressures, which as informed the content of this plan.

We have also developed an Inclusive Growth Strategy which is focussed on the health and social care sector workforce and its sustainable development within the borough. To support this strategy, we have recruited a Social Care Sector Coordinator to support the implementation of this strategy and to support with sustainable workforce development within the borough.

We have engaged providers throughout this process, offering 1:1 support for those filling in the returns as well as workshops. We also host monthly forums for our providers where we are able to collect information and feedback on the state of the market and tailor sessions to support providers through any business challenges that they have been facing.

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

Our home care provider market is primarily made up of a homecare framework of 13 providers who provide over 80%% of the care commissioned. The other 20% of care is delivered by historical framework providers or providers of the choice of the resident in line with the Care Act.

Our framework is divided into two with 5 lead providers assigned to geographical areas and then another 8 providers working across the borough. However, we know that we have 2 main geographical blackspots across the borough which are blocked from efficient public transport by manmade obstacles, the A13 and A12 roads. This means that we have struggled in the past to be able to meet care needs in two areas of the borough. To counteract this, we have implemented the assigned geographical areas, as well as worked with providers to incentivise drivers through paying for parking permits for care workers.

Whilst there are periods of capacity issues, particularly for double handed packages of care, our domiciliary market is largely able to meet the needs of our community. This is reinforced by the fact that our framework caters for 70% of our commissioned care hours.

Our framework is made up of mainly medium sized businesses that are working across multiple boroughs mainly throughout North-East London, however we do have smaller providers who are registered in the borough and would be considered as small businesses.

Our framework providers are all paid individual rates which range from £15.82 per hour to £20.42 per hour, with an average hourly paid rate of £18.43. Whilst these rates are uplifted from what each provider submitted in the tender at the end of 2019, we are aware of the increasing cost pressures of delivering care, as outlined by the fair cost of care exercise and our regular provider forums.

One key area is recruitment which has been highlighted as a pressure area for our domiciliary care market. As with our residential care home market we are supporting the market through Care Providers' Voice central recruitment hub as well as job broker support. We have also been working with Timewise to help potential applicants truly understand the work carried out, which we believe in turn will drive up retention. We have also developed an Inclusive Growth Strategy which is focussed on the health and social care sector workforce and its sustainable development within the borough. To support this strategy, we have recruited a Social Care Sector Coordinator to support the implementation of this strategy and to support with sustainable workforce development within the borough.

It has been made clear from the Fair Cost of Care exercise, wider provider engagement and feedback that some of our rates are not sustainable in supporting the care market in the London Borough of Barking and Dagenham.

In April 2023 the National Living Wage is increasing by 9.7% and inflation is around 10%, this places even greater pressure on our provider market. The Local Authority has had to respond to this pressure to continue to support our market, further information which can be seen in section 3.

We know from recruitment pressures experienced across the sector that low wages are a constant obstacle. Therefore many providers will have to increase their wages beyond the 9.7% increase to continue to attract and retain staff. Wages and retention remain a severe threat to our market sustainability.

Only one provider on our framework has a requires improvement rating with CQC. All others are good or above. We have regular meetings within the Council which reviews the performance of our providers which supports early identification of quality concerns and risk. This is supported by good relationships between our Provider Quality Improvement Team and our providers. This is the same with our care home market. Our provider Quality Improvement Team has a good relationship with CQC which helps to drive improvements in our providers and facilitate honest and open conversations about concerns, good practice and provider feedback.

We have engaged providers throughout this process, offering 1:1 support for those filling in the returns as well as workshops. We also host monthly forums for our providers where we are able to collect information and feedback on the state of the market and tailor sessions to support providers through challenges.

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

Over the next 3 years we are expecting to experience an increase in care needs and complexity of care. This is also expected to manifest at a younger age with frailty in the London Borough of Barking and Dagenham starting around the age of 55. This is also expected to be exacerbated through increased hospital discharges as our local acute trusts continue to deal with backlogs in planned care caused by COVID-19.

With our care home market already running at 90% capacity amongst those who engaged in FCOC the increase in care needs is concerning. It is anticipated that if the care needs continue increasing there will be a need to find extra capacity or create that extra capacity. This is particularly acute in care for under 65s, which whilst out of scope of this exercise are an area of care that we are aware of pressures in.

With high levels of inflation and increase in National Living Wage of over 9% our market is being placed under extreme economic pressure to continue to operate in a sustainable manner. This is reinforced by feedback from our market over 2022 demonstrating that the rates we pay are below what the market believes to be a fair cost of care. The Local Authority anticipates that in order to support the market at a sustainable level, the cost an additional £3.5 million as a conservative estimate for 2023/24. This would still not be at the level of the rates identified in the Fair Cost of Care. This is before taking into account the rises in wages and inflation since the exercise.

The removal of the funding relating to the Fair Cost of Care and the cap on care costs has created a funding blackhole for care packages, which risks growing over the next 3 years if there is not a long term funding settlement for adult social care.

As outlined in previous sections we have a number of smaller providers within our care home market and therefore carry a substantial level of risk for their stability, which over the next three years will mean that there needs to be a sustainable rate paid to mitigate reliance on the local authority. This will be exacerbated further by pressures such as energy, cost of living, inflation and rising equipment costs.

As stated within Annex A, we have key concerns around recruitment and retention within the workforce. We know that across our care homes we have over the past 2 years experienced times when the capacity of homes has been reduced due to lack of staff, and this is expected to continue over the next three years. We understand that some of the beds out of commission in our FCOC care home returns are due to staffing shortages. Other non-carer roles, particularly nurses and therapists, are also facing severe recruitment and retention issues and this hampers the ability of homes to run effectively and function as part of discharge to assess models.

In our domiciliary care market the pressures are very similar to those experienced by our care homes. However, they are particularly vulnerable to the day-to-day fluctuations in costs. For example rises in petrol prices during 2022 as well as more slow rate inflationary pressures.

Over the next 3 years we anticipate that increases in wages and the ability to provide meaningful employment to be an obstacle to careers in care.

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

(a) 65+ care homes market

As outlined in the previous sections of this report we have highlighted severe pressure within our over 65s residential market, principally surrounding capacity that accepts our local rate. This winter this severe pressure also translates to pressure on our acute settings. Already over the past 8 months we have had to place on average, at a higher rate than our current base rate is.

As part of our duty to support a sustainable market we are outlining the below approach. It is important to note that this approach is supported by the cost of care exercise and utilises the grant funding but also comprises a wider financial response to the pressures being felt by our providers.

This year we utilised 65% of our Fair Cost of Care funding to provide our homes with a one off uplift payment, this equated to £400,234.64. We decided to use the majority of our funding for the care home residential market as this is where evidence was pointing to greatest market instability. This included our normal rate being declined and providers reporting concerns about the profitability of their businesses.

This funding is supporting a temporary one off winter uplift for our market placements. We took this option as we believe that this will be the best way to secure our market over the winter to support retention, the NHS, as well as our providers through rises in business costs, such as increases in electricity and gas.

We have been working across Northeast London to understand neighbouring boroughs' outcomes from this exercise, their market sustainability and approaches for utilising their Fair Cost of Care grant. This has helped us understand if our approach will impact the wider market, however the characteristics that our market is showing compared to other boroughs means that we are required to act in the below manner.

For 2023/24 we are offering a 16.2% uplift to our market base rates, which will put our new base rates at £794 for residential placements and £808 for nursing placements. The Council has taken the decision to increase rates beyond the level of inflation to support wage increases to frontline staff and ensure that our market is able to sustain levels of provision.

This will cost the Council an additional £850,000.00 for uplifting in borough placements that fall below the new base rate. This cost burden will rise to cover any out of borough placements uplifts requested and uplifts for those in borough placements that are made above the new base rate.

We also believe that this will allow for higher rates to be paid to staff that can increase pay or reward structures, especially for the lower paid part of the market. We believe that the first steps outlined here will open up more of our market to residents that are supported by the local authority, resulting in more people being able to be placed closer to home.

It is clear that the NHS England proposed uplift to the FNC rate of 5% poses a threat to our market stability despite the steps outlined above. The nursing care provider market requires at least an in line with inflation uplift. This decision is contrary to the Fair Cost of Care and we are concerned that this undermines efforts from Local Government to stabilise the market with investments in fee rates.

Our providers support hospital discharges and we have a pathway for our nursing discharges where residents are discharged into a nursing home bed for a six week period during which they receive rehabilitation therapy support with the aim of reducing the number of long term placements in nursing care. This will continue over the longer term.

We also commission 4 discharge flats in our extra care schemes to support those with care needs who are unable to return home remain in an independent tenancy

and not take up a residential bed when their care and independence does not dictate this. We have been supporting providers with recruitment through Care Provider Voice and a central recruitment portal and job broker service. All of our providers also have access to Grey Matter Learning which is a fully accredited e-learning platform which is free to access. Our Inclusive Growth Strategy has been developed to support the development of the social care sector and create a sustainable workforce within Barking and Dagenham. We are currently updating our Market Position Statement in line with our latest market analysis and Fair Cost of Care findings and will look to re-launch this in the new Financial Year. We are in a position to be able to use Council reserves for this market funding due to careful and responsible budget management within Adult Social Care. However, as stated above we will not be able to maintain this temporary market uplift without the correct level of government funding in the future. Our Care Technology offer is sector leading and over the next 3 years will develop to reduce longer term care needs in the borough with the aim of reducing unplanned hospital admissions and slow escalation of care. This pathway will reduce the burden on our adult social care market and support people to receive care for longer in their home, thereby increasing capacity within our social care provision.
(b) 18+ domiciliary care market
[As above but for the 18+ domiciliary care market] As outlined above our key pressure on our domiciliary care market is the workforce pressure and the amount of time and resources that is spent on recruitment. This impacts our ability to meet the needs of our care market. During validation processes of the care costs exercise we spoke to a provider who spoke about the competition from other zero hour dominated sectors such as distribution and retail. We are using the remaining 35% of our grant funding (£215,765.39) to deliver a one off temporary winter uplift to our homecare market. We believe that this will ease the pressures for increased costs currently being experienced by the market as well as help support sustainable wage increases to help this sector compete. With increased rates we believe that this will also improve the ability to provide care in the difficult to reach areas across the borough. For 2023/24 we are uplifting our fee rates for all older adult home care by 16.2% which reflects the need of the market and seeks to stabilise our providers. This will take our average hourly rate to £21.42. This will cost the Council over an additional £1million in 23/24.

We believe that this will allow for higher rates to be paid to staff that can increase pay or reward structures, especially for the lower paid part of the market.

Previously, this year, we have supported our homecare agencies to purchase parking permits for their staff to increase the ability to take packages across harder to reach areas in the borough.

We have been supporting providers with recruitment through Care Provider Voice and a central recruitment portal and job broker service. All our providers also have access to Grey Matter Learning which is a fully accredited e-learning platform which they are free to access.

We have multiple pathways out of hospital which enter social care at different points. Our older adults who leave hospital with a package of domiciliary care can be referred through our Home First pathway where they are assessed for their care package at home, this provides more accurate care and increases the chances of a smaller care package being provided.

Our domiciliary care market currently operates a crisis intervention model for the first 6 weeks of care following hospital discharge and is currently a strength of our social care provision. We are due to recommission our domiciliary care framework for 2024 which will look at embedding a multi-agency approach to domiciliary care.

Over the winter period we have been utilising Adult Social Care Discharge Funding to run a reablement pilot which has increased capacity for hospital discharges. This pathway is being evaluated as a potential long term pathway as part of our retender exercise to increase capacity across our domiciliary care market.

Our strong domiciliary care market underpins our social care provision and performs consistently well in supporting hospital discharges and supporting our residents to remain in their own homes and receive care in their community.