

# Annex C: Market Sustainability Plan



## Annex C: final 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

##### Introduction:

The Councils 'Shropshire Plan 2022-25' aims to ensure its residents 'live their best life'. Within the Shropshire Plan the council's policy is to support people to remain well and independent at home. Commissioning approaches and models will seek to align to strategic intention and work with partners and communities to enable people to do more for themselves. Whilst this Market Sustainability Plan (MSP) focusses on the domiciliary care and care homes, the wider market including preventative services, housing and supported living are areas that Shropshire needs to develop further in order to have a sustainable market which reduces demand for services and supports people to remain independent at home. A more detailed Market Position Statement (MPS) is currently being developed which will reflect the wide range of services and commissioning intentions across all ages.

Shropshire has unique challenges compared to other council's, not only has it an ageing population; it is a very rural county with a population density of 1 person per hectare compared to 4.3 across England, this challenges the council in ensuring equal access to services.

Shropshire Council Adult Social Care contracts with over 200 registered providers, including both domiciliary care agencies and Shropshire care homes. A range of contracts are in place, including block contracts, pre-placement agreements, pre-service agreements, Individual Service Funds and individual care contracts/placements. A high proportion of Shropshire's market is small independent local services; work will continue to support a market that enables people to be independent, focusses on reablement, prevention, technology and digital solutions to inform choice and is good quality.

Delays to charging reform have been welcome to ensure we are prepared for the impact of the work required. However, a charging reform program would support market sustainability and rates disparity if it was properly resourced by central government.

The market has been exceptionally challenged as has the whole health and social care sector and the council has listened to the concerns being raised on costs and market pressures. The council is equally challenged with these pressures with an approx. £51m saving target for 2023/24.

In order to support the market, we have reviewed the fee increase for 2023/24 and given consideration to the following:

- Provider feedback and current challenges (including inflationary pressure and National Living Wage)
- The cost of care exercise (although limited to care homes 65+ years and domiciliary care for 18+ years)
- Demand and capacity in the market; capacity issues particularly in the domiciliary care market
- The council's budget position
- Benchmarking with other local authorities
- Delivering 'The Shropshire Plan' 2022-2025; delivering against the strategic intentions as detailed in the introduction.

## Local context

### The local care home market across Shropshire

Shropshire has the highest number of beds for a rural authority in the region, and the 5<sup>th</sup> highest overall in the West Midlands. The only authorities with higher bed numbers have large conurbations, significantly higher population numbers and much greater population densities. Shropshire has 71 Care Quality Commission (CQC) registered care homes providing 2987 beds across the county for people over 65. Shropshire has 41 residential homes with/without dementia care and 31 Nursing homes with/ without the provision of dementia care. The care homes employ circa 3900- 4000 permanent staff.

### Sufficiency of supply

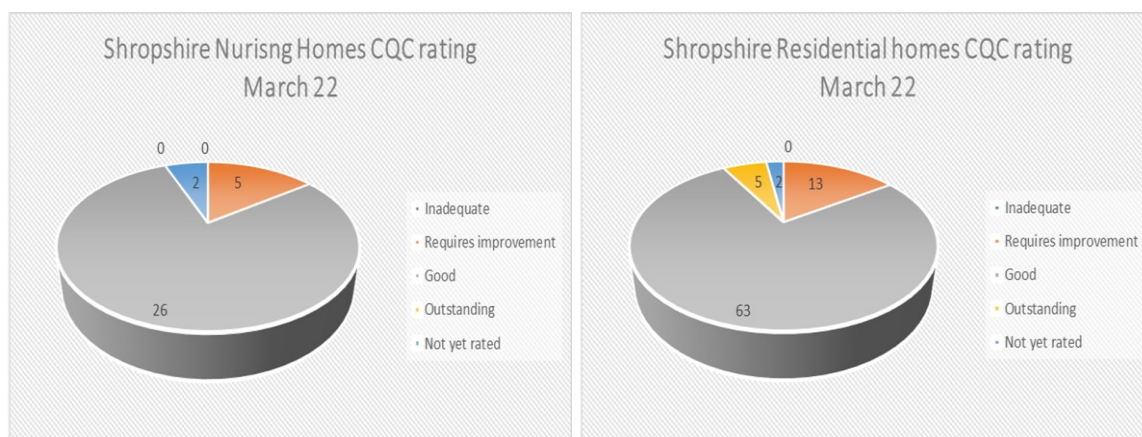
The 71 homes current total follows two closures in 2022. Six homes have closed in Shropshire in the last 2 years with a loss of 218 beds of which the highest proportion have been residential beds. At present 3 homes are suspended from taking on new council admissions. On a recent survey 19 homes reported closures of 63 beds for the following reasons:

- Refurbishment: 57% across 10 providers which is a positive sign as it indicates they will be back in the market once this work is completed
- Second biggest reason is double rooms being used a single- this is likely to remain an issue for providers as couples do not often enter a home together

Shropshire Council currently utilises 863 beds of the Shropshire over 65 market capacity supporting people with a long term eligible assessed need. The remaining beds are occupied by self-funders, health funded residents, residents placed by another Local Authority or are vacant.

### Quality

The quality across the market has remained relatively stable and benchmarks high across the region, however we are seeing increasing quality concerns. Approx. 80% of homes are rated as good or outstanding.



### **Current Market Standard Rates**

<b>Bed type</b>	<b>22-23</b>	<b>23-24</b>
Residential	£ 563.33	£ 602.76
Residential with Dementia*	£ 617.49	£ 660.71
Nursing	£ 725.82	£ 776.63
Nursing with Dementia*	£ 779.99	£ 834.59
Funded Nursing Care (FNC)	£ 209.19	£ TBC

The Council spends just under £39 million a year on residential and nursing care for older people over 65.

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

Shropshire currently has 89 CQC registered companies covering a very large rural county. It employs in the region of 3250 carers with most providers being small and locally based (75%), 20% are regional to West Midlands and 5% are national companies. Around 45% of care contracted is for Shropshire Council, 35% for self-funders and 20% for Health and other commissioners. The Council commission care for 1500 people over 65 years of age primarily because of age related concerns or disability and for around 600 people under the age of 65

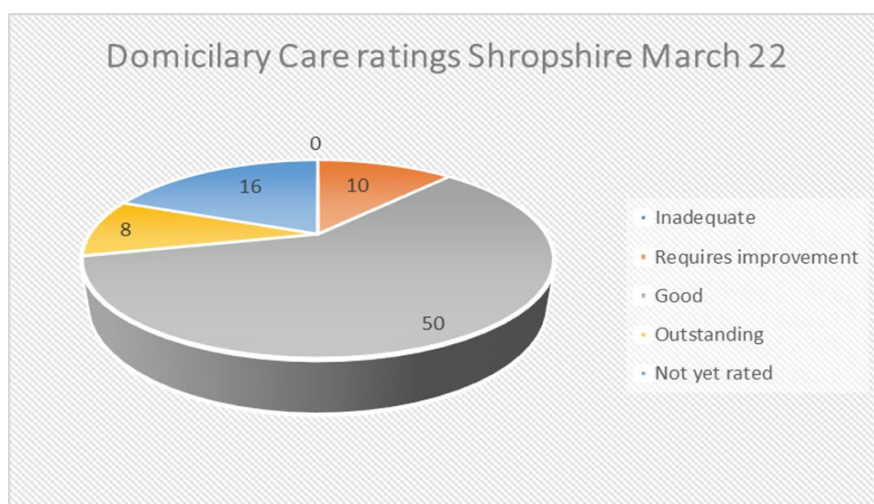
#### **Sufficiency of supply**

- The market is currently meeting about 65% of our demand. We have seen an increase from 5% of the total hours awaiting allocation increase to approx. 20% which is severely impacting locally.
- Many of the packages of care we need are complex with several calls a day and often two carers
- High demand is coming through the hospital with the need to support swift discharge.
- One of the main challenges for Shropshire is the rurality of some of the care needed
- Shropshire has significant challenges in recruitment and with an ageing population this challenge will continue
- Around half of all packages of care currently outstanding are outside main towns where most providers operate from
- The SW of Shropshire and the SE border areas have very few nearby providers covering the extent of those areas.
- With the exception of these areas, we don't have a shortage of providers, it is a shortage of carers. It is estimated based on current outstanding care packages that we need a minimum of 200 new carers onto the workforce
- Even care packages within a few miles of larger towns or off the main road are very difficult to source.

- People are not left without care, but we are having to find alternative care arrangements to care at home at times such as live-in care or residential care - but our policy and principle is to support people to stay at home
- Staff shortages are prompting providers to hand contracts back to the Council
- In the last 2 years, 5 domiciliary care providers have ceased trading in Shropshire (2021 x 3, 2022 x 2) we are expecting a further 3 closures in the current financial year

### Quality

Similar to the care home sector, quality has remained relatively stable in home care, however the impact of the workforce is impacting significantly this market due to high turnover, the use of agency staff and recruitment challenges. Despite this, 70% of care is rated at Good or Outstanding.



### Market Fees

Standard domiciliary care rate for Shropshire is **£20.80** per hour  
 The Council spends £41.013m for Domiciliary Care (+18) per year

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

As mentioned in the introduction in the recent Census data it shows there has been an increase of 17,500 people since the Census was last completed in 2011. We also have a larger and faster growing older population, compared to the rest of England with 82,000 people over 65 (25.3%) compared to England (18.4%). Over 85s we have 10,800 (3.8%) compared to England (2.4%). With these pressures of an ageing workforce compounded by rurality issues with 1 person per hectare compared to 4.3 for the rest of England the pressure on social care providers will only increase and add additional pressures on both these fragile markets.

Using the data supplied by the Office for National Statistics (ONS) we have applied a % to the data collated from the market for Community & Residential to estimate that we have in the region of 2127 self-funders that the local authority will be expected to assess in the first instance and support sourcing care. Whilst we recognise that the current charging reforms are delayed the council is concerned that when it does come in it will have

significant impacts internally along with the expectations of both residents and providers across Shropshire.

A conservative estimate built on modelling the impact on internal demand evidences that we will require significant numbers of additional posts to meet the additional demand to deliver the care cap reform model, and as Shropshire in particular has a high level of self-funders compared to other councils, the impact will be felt to a greater scale in comparison to other areas.

Social care providers are facing significant new financial pressures including increasing staff costs (due to the increase in the National Living Wage), staff recruitment and retention issues, COVID-related costs, increasing complexity of need and other operating costs which are subject to significant inflationary pressures, not least increasing energy/fuel costs, vehicle fuel costs and insurance fees (increased due to the rural nature of the county).

As described in section 1, it is predicted that if current trends continue, and from our ageing demographics it is likely to get worse if we don't intervene and we will not be able to meet our demand and strategic intention to support people at home if we do not have enough domiciliary care in place, this will put pressure on care home placements driving up costs and not the right outcome for people who could be supported at home. Complexity of people needing support is likely to continue to increase and we need to consider how we meet needs moving forward and cannot rely on care home nursing provision as the only response to this and again it will drive up costs.

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

Due to the relatively low rate of responses in comparison to other councils across the West Midlands region, we have to conclude that the response in Shropshire for both care home and domiciliary rates is not fully representative of our market. This suggests that the information cannot be fully relied on as an accurate reflection of the market in Shropshire.

In addition, the responses that were received show that without national funding in their present form, they are simply unaffordable.

The Council is clear that the current model and pressures detailed in the sections above and the responses from the cost of care exercise; without additional government funding proportionate to the estimated cost of the policy (as estimated in this report and the attachments).

This position is exacerbated for Shropshire Council by the increased cost to deliver care and support in a county which is rural and has a larger older population than in similar councils. It must also be recognised that this market is only part of a much larger market which is also under financial pressure such as the learning disability and day service support which in turn rely mainly upon council placements.

The Council's current Medium Term Financial Strategy (MTFS) is driven by the objectives of The Shropshire Plan-our aspiration for the local area and its residents and businesses over the coming years. The MTFS currently indicates a significant financial gap in the coming 3 years – a product of moving towards a post-COVID operational and financial landscape coupled with the inflationary and wider market pressures currently being experienced.

The Council, through its officer and member leadership, is working actively to close this gap and we are confident in our ability to do so.

In recognition of the pressure that care providers face and the vital part they play in our health economy, Shropshire Council has this year increased its payment to contracted care providers by 7% for care homes and 12% for domiciliary care providers recognising this as an area of greatest pressure and need to grow. However, providers are clear that once increases in the living wage, national insurance, fuel, and other inflationary pressures are taken account of, this is still wholly insufficient to meet the true costs of providing care, particularly for those staff providing care to people in their own homes. Such costs are compounded by operating in a sparsely populated rural area. These extra costs more than wipe out the uplift the council is giving providers which is evident in the cost of care returns.

While the £1.4bn the Government has allocated through the Market Sustainability and Fair Cost of Care (FCoC) fund over the next three years is welcome, we know this won't address the issues raised above based upon the market responses to the cost of care exercise. Other pressures arising from delivering existing national policy for social care using the current spending power at the Council's disposal means that cost pressures for social care generally are around £20m. Fair cost of care would increase this pressure further.

The below table provides an illustrative example of not only the potential impact of the Cost of Care but the potential inflationary costs for all services across the Adult Social Care budget. This is a real concern for the Local Authority.

	Y1	Y2	Y3	Y4
National Funding	-£164.0	-£600.0	-£600.0	£0.0
Assumed Local Funding (based on 21/22 allocation)	-£0.9	-£3.4	-£3.4	£0.0
Estimated Cost of Care increase Y2 (based upon uplifting on 01/04/23 as per the returns)		£9.0	£9.0	£9.0
Estimated Cost of Care increase Y3 (based on predicted 2.5% uplift as per below)			£0.2	£0.2
Estimated Cost of Care increase Y4 (based on predicted 2.5% uplift as per below)				£0.2
Inflationary/Cost of Living increase Y1 (based on 6% uplift)	£7.0	£7.0	£7.0	£7.0
Inflationary/Cost of Living increase Y2 (based on predicted 8.27% uplift)		£13.2	£13.2	£13.2
Inflationary/Cost of Living increase Y3 (based on predicted 2.5% uplift)			£3.3	£3.3
Inflationary/Cost of Living increase Y4 (based on predicted 2.5% uplift)				£3.4
<i>The above inflationary costs include all service areas across ASC</i>				
Total Estimated Costs	£7.0	£29.2	£32.8	£36.4
<b>Estimated Deficit of Cost</b>	<b>£6.1</b>	<b>£25.8</b>	<b>£29.3</b>	<b>£36.4</b>

## **What next?**

Adult Social Care (ASC) must make at least £14m savings out of the £51m saving target for 2023/24. The Market Sustainability and Fair Cost funding received from central government of £3,263,870 does not go anywhere near meeting the expectations of the market.

Despite the challenges raised in the above sections we will continue to work with clients and providers and redesign services to support the market and our residents.

### **65+ care homes market**

Due to significant pressure in this area particularly with supporting hospital discharges, complex nursing will be a priority for future modelling and investment, and we continue to look at developing this support for people to remain living independently.

Whilst there has been a temporary increase in the use of short-term residential care purchasing this is due to a lack of domiciliary care provisions – this has falsely inflated the pattern of purchasing and will not be our future direction of travel.

This will be an area of focus for the council to meet needs; we will need to do this differently and will work with providers to consider a sustainable and affordable model over the coming years.

### **18+ domiciliary care market**

Shropshire has a high ageing population compared to the rest of England this means Shropshire will potentially see increased demand for domiciliary care. Working with the market we will look at how technology can support people to remain independent at home to reduce the demand. We will work with the market to focus on how we commission across both health and social care and the opportunities to support all ages.

We will work with our voluntary and community sector to utilise the strengths, skills, and resource to support people.

We will continue to develop our reablement and strength-based models to support people at the right time.

Recruitment and retention will also be a key area of focus looking at how we support more apprenticeships and how the sector can support career development.

## **Funding**

In recognition of the pressure that care providers face and the vital part they play in our health economy, Shropshire Council used all of its 2022/23 FCoC funding allocation to oversee and increase fee rates to care homes and home care providers.

### **In summary to the above, we will aim to:**

- Develop models of support for complex nursing care including dementia to support people to remain living independently
- Work with providers to redesign the domiciliary care market to ensure growth, flexibility and coverage; and consideration of a future 'rural rate'
- Work with providers to review the 'usual' rate for care home placements



- Work with providers to increase the use of technology and digital solutions
- Embed strength-based practice across all areas
- Upscale reablement services
- Work with health and children's services to ensure market viability and sustainability
- Work with providers to do a root and branch review of Supported Living and learning Disability rates.
- Address the identified shortage of dementia provision across all the market to upskill our communities to support people to stay well in their own homes, improving access to services and support for carers
- Focus on all ages services - for example: significant shortage of short break opportunities for children with disabilities which could be delivered by the care sector
- Focus on prevention and whole population wellbeing
- Work to support the workforce to both recruit and retain staff across the sector

Based upon the above considerations from the 1<sup>st</sup> April 2023 Shropshire Council's ASC will provide a 7% **uplift** to its standard rates relating to care homes; and 12% uplift for domiciliary care recognising the capacity issue we have across Shropshire.

Shropshire is also currently developing a new Market Position Statement which will reflect a wider scope of market management than detailed in this plan, it will however align.