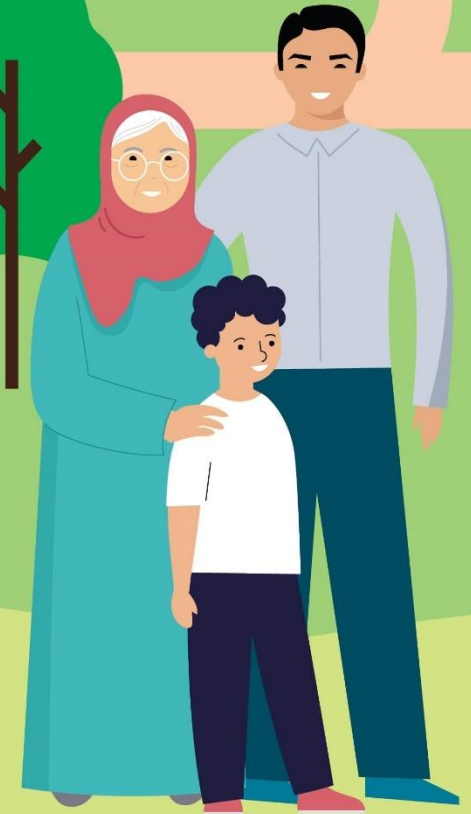


# Market Sustainability Plan 2023



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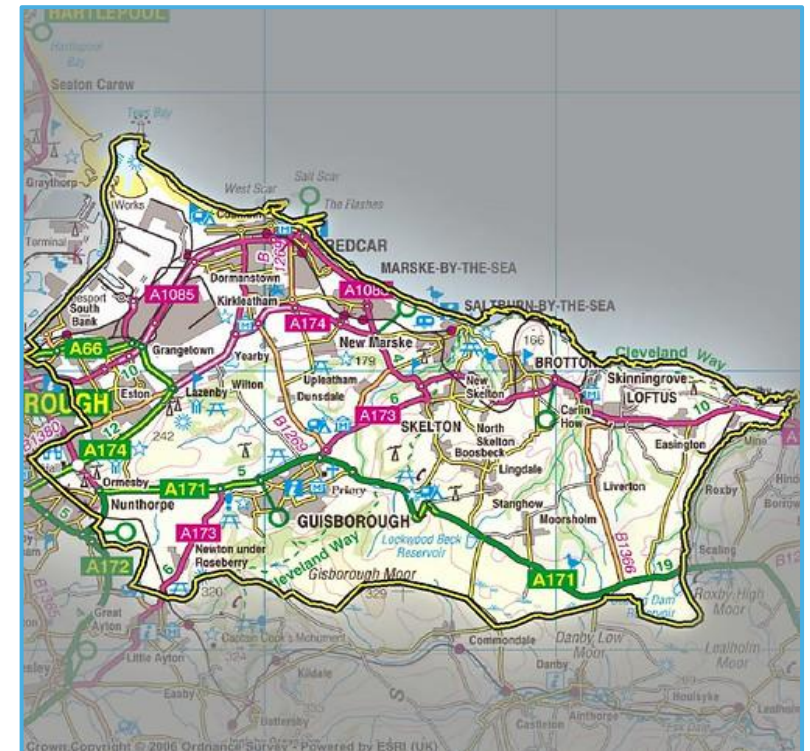
# Redcar and Cleveland – Geography and demography

Redcar and Cleveland Borough Council is a small unitary authority in North East England. It is bounded to the north-west by the River Tees and surrounding industry, to the north east by the North Sea, to the east and south by the rural areas of the North York Moors. The western boundary is the borough's urban link, approximately 5km long dividing the residential areas adjoining Middlesbrough. In many respects the human geography of the borough is like that of a peninsula.

Redcar and Cleveland is diverse with large urban and industrial areas connected to Middlesbrough in the west, towns that are becoming interconnected by housing developments, market towns and villages within more rural areas to the east. People have a strong sense of belonging to their community within the borough and this is important in the provision of community-based services.

Adult Social Care support services are designed around our Adult Social Care Vision: 'We will help you live safe and well, in the place you call home, with the people and things you love, connected to your community, doing the things that matter to you.' Home care plays a major role in supporting people to remain living in their own homes in their communities for longer, and it can prevent, reduce, and delay people's care needs prematurely escalating to a point where they need residential care.

We are continually testing and learning from community-based support initiatives, from in-home technology to care and support in the home, to graduated models of supported housing and registered care homes. Within our home care services we are investing in innovative ways to address short-term capacity pressures and increase the availability of overnight planned care and support.



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

### A) Assessment of current sustainability of the older people's (65+) care home market.

Redcar and Cleveland Borough Council currently operates an open commissioning arrangement whereby we contract with all the older people's residential care homes currently in operation within our borough and will consider Local Authority funding within them. In line with our Care Act (2014) responsibilities we believe this affords people the greatest possible choice when having their residential care arranged by the Local Authority. The Local Authority funds care for people living in all 25 older people's care homes in the borough, and relationships with all our care home providers are positive. The current Care Home Agreement covers residential care and nursing care provision within the borough and has been in place since 2017. This agreement is due for renewal at the start of the 2024/25 financial year.

We recognise as a Local Authority that there have been significant impacts to the care home sector and developments in service provision in the last 2-3 years, not least the devastating effects of COVID-19, that require us to work on refreshing our Care Home Agreement in partnership with providers to make it more reflective of the market in 2024.

The supply across all older people's care home settings, i.e., residential, residential EMI, nursing, and nursing EMI, is sufficient at present, with vacancies across all settings. The number of Care Quality Commission (CQC) registered beds in the borough at time of writing is 1,006, across all care settings, with an overall occupancy across Redcar & Cleveland of 86%.

Occupancy against market capacity remains highest in residential and residential EMI care settings, with nursing EMI care at the lowest with 68% of market beds occupied. However, this masks the wider risk of only 6 local providers offering nursing EMI care, making it the highest risk area should market exit occur by any of these providers.

The situation is similar for general nursing care provision, with occupancy at only 82% and only 8 providers offering general nursing care provision.

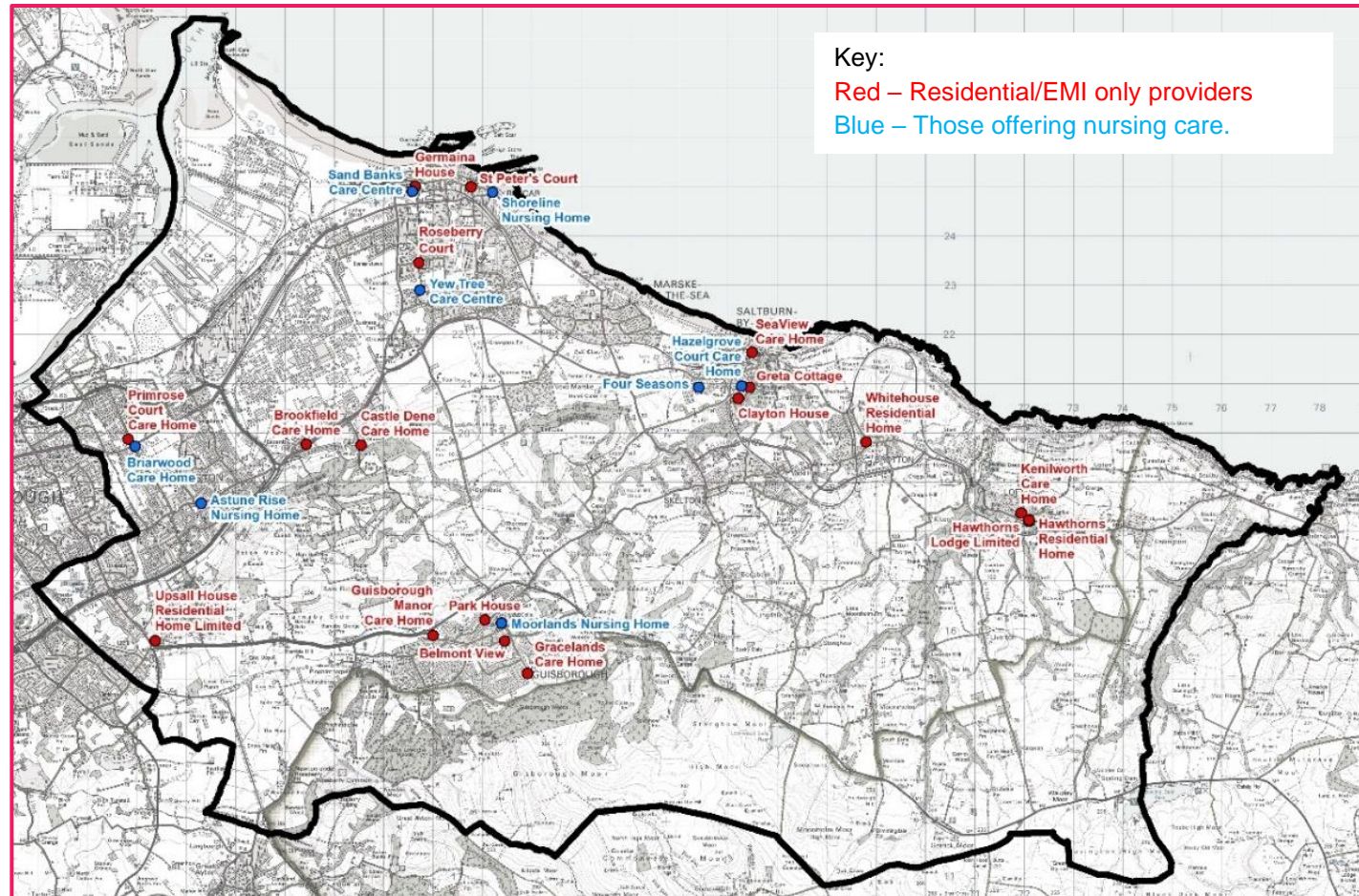
Fig 1: Geographical spread of 65+ residential care homes in Redcar & Cleveland

Geographical spread of older people’s care homes (Fig 1, right) remains relatively even, although we have a lack of nursing and residential care capacity in the more rural east of the borough.

This will be offset by the opening of a new residential care home in East Cleveland in April 2023, adding 65 new residential and EMI residential beds.

A further new care home development in Redcar, which opened at the beginning of 2023 offering 41 beds for residential and EMI residential has added further capacity to the sector.

Data on Local Authority funding across all care settings (Table 1, below) shows that numbers of people using the different types of residential care settings has remained relatively stable since 2015.



There is some evidence to show the impact of the COVID-19 pandemic on overall admissions, where 2019/20 and 2020/21 showed lower activity than the two previous years. Increases in admissions to residential care have been seen in 2021/22, however it is too soon to establish whether this activity will be sustained. Coupled with this, it is reasonable to assume that despite vaccination programmes being an effective

65+	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Residential	120	142	132	140	104	106	116
Residential EMI	73	92	81	99	83	86	93
Nursing	31	28	28	21	26	15	17
Nursing EMI	13	22	18	25	19	13	12
TOTAL	237	284	259	285	232	220	238

Table.1: Annual 65+ care home admissions by support domain

contributor to the reduction in severity of COVID-19 there may be an impact on public and professional perception of care homes being a safe and preferable option for older people's care.

The average age of people moving into care homes has remained relatively static in Redcar & Cleveland across all settings since 2015, between 84-85 years average for males and females. Local population projections from the Office for National Statistics (ONS) show an expected increase of between 2-3,000 people aged over 80 years old in the borough in the next 5 years, which has the potential to increase general demand for residential care in the coming years.

We are aware of the impact of an ageing population in Redcar & Cleveland, and the Local Authority has actively promoted and developed preventative and independent models of care which, as the data would show, has stabilised the demand for residential care.

Extra Care and supported housing options in Redcar & Cleveland remain extremely popular, with all schemes currently at capacity and waiting lists rising. To provide additional capacity an Extra Care scheme on Springwood Road in Guisborough is currently in development and planned to open in January 2024. This will offer 71 apartments, 50 one-bedroom and 21 two-bedroom apartments plus 12 two-bedroom bungalows for people aged over the age of 55 years with care and support needs. In addition, a supported living community is being developed within the Kirkleatham area of the borough, which will offer 45 additional properties, and a scheme on Park Lane in Guisborough is in the early development stage, with plans to offer 20 further properties.

There has been increased demand for assistive technologies in recent years such as Telecare, with requests for installations nearly doubling between 2015 and 2022, and only mild reduction being observed in demand during the COVID-19 pandemic. Home care support and the number of hours of support being delivered to people in the community have also shown a steady increase over the same timeframe (as evidenced in Section 1b).

To ensure that our commissioning intentions are aligned with the views and aspirations of people in our communities, the Local Authority commissioned the independent Health and Social Care watchdog Healthwatch, to undertake a three-month engagement exercise in August of 2022. A series of engagement events were held in communities, and surveys were distributed to people who live in the borough, specifically to those who are not in receipt of social care support presently, but who may be of an age where they are considering their future care needs and what support they would prefer to meet these needs. We wanted to understand what local people thought of the current social care market, and what support they may wish to draw upon in the future.

Almost 200 people responded to the consultation, and the results showed that 70% of respondents did not wish to receive care in a care home either now or in the future, with the main concerns being the perceived quality of care offered in residential settings, and the costs of care

associated with it. Notably, 68% of respondents said that they would want to receive care within their own home either now or in the future. Respondents believed that they are more likely to see a rapid decline in their own health if they lived in a residential care setting, and nearly 24% of respondents indicated that the COVID-19 pandemic had negatively impacted their views of residential care as an option for them or a relative in the future. Respondents clearly valued the companionship, activities and social contact that can be offered in hybrid approaches of independent supported living and care communities, where the security of having on-site care can be delivered, are the preferred choices for most respondents over residential care.

The above factors may impact on the number of people choosing to use residential care settings to meet their care needs. By investing in models of care that support independent living for our ageing population, we are more likely to see people moving into residential care settings when their independence can no longer be supported at home, and their health and social care needs have become more significant.

In assessing the current care home sector, we have consulted with our residential care providers, holding 1-1 engagement sessions with owners and managers from December 2022 to January 2023, to discuss the trends they are seeing within the sector.

Care home providers across the board have agreed with our assumptions that people are now moving into care home settings with multiple and more complex health and care needs. Residential care providers have observed that people who would previously have been identified as having nursing care or EMI care needs, are now moving into care homes assessed as needing general residential care. This is somewhat borne out by a reduction in people moving into general nursing care settings in the last 3 years (Table 1).

The general complexity of people's health and care needs when moving into residential care across all settings is placing increased pressure on the social care workforce. People with more complex health and care needs require higher levels of care, creating greater challenges for the care workforce. Providers report that due to this increased complexity of health and social care needs, people in the main are not living as long in residential settings, leading to shorter, more intense periods of residential care. This may present a different set of challenges for long-term provider stability and workforce sustainability.

From a regulatory perspective, quality among Redcar & Cleveland residential care homes remains relatively high, with no homes in the borough currently rated Inadequate by the CQC, only 4 rated as Requires Improvement, and all other care homes rated Good by CQC. Providers have expressed that meeting the highest quality standard of Outstanding is becoming increasingly difficult, due to the complexity of people's needs and the additional challenges that this brings.

Despite regulatory standards remaining satisfactory overall, in recent years there has been an increase in the number of care home providers being supported under the Teeswide Safeguarding Adults Board (TSAB) policy and procedure for Responding to and Addressing Serious

Concerns about a care provider (RASC), requiring professional support to improve quality of care delivered. Providers are highlighting the increased number of safeguarding and quality concerns, coupled with increased complexity of people's health and care needs, and unstable workforce as major contributory factors to maintaining care quality standards in residential care settings.

Current care home rates in Redcar & Cleveland in 2022/23 are £673.47 for residential care and £708.83 for EMI residential care. Provider returns in the Fair Cost of Care (FCOC) Exercise generated residential care rates of £684 and £709 for EMI residential care. This was after reasonable adjustments had been made in line with Departmental of Health and Social Care (DHSC) guidance for Return on Operations (ROO), Return on Capital (ROC), and Occupancy.

Due to the planned new residential care developments in 2022/23, adding in the region of 100 additional beds, it would appear that existing residential care rates maintain Redcar & Cleveland as an attractive location for residential care business investment, although development of 24-hour nursing care provision remains our greatest need locally.

FCOC provider returns would indicate that nursing care provision is becoming increasingly more challenging from a financial perspective. The Local Authority currently commissions nursing care at the base residential rate of £673.47 plus the Funded Nursing Care (FNC) rate of £209. Provider returns through FCOC indicate a weekly bed rate of £1,021.04, inclusive of FNC to sustain nursing care provision.

Providers have informed us that increased nursing costs are creating significant risk to the sustainability of dual registered care home settings which offer residential and nursing care combined. Providers tell us that current FNC rates are insufficient to enable them to recruit nurses at a rate which is financially sustainable and provide nursing care provision in line with industry standards. There is the imminent risk of dual-registered care home providers deregistering nursing care provision if they do not have a sufficient number of residents who have been identified as eligible for FNC, to offset the high costs of qualified nursing staff. There are currently only 4 nursing care providers in the borough who report they have enough residents who are in receipt of FNC to maintain their financial viability.

Providers have highlighted increasing struggles to retain care staff at current rates of pay (LA average £9.61p/h – see Annex B FCOC Report), which means a high turnover of staff is leading to inconsistency of care and quality issues. The FCOC exercise has indicated that some providers are maintaining staffing cohorts above the level needed for current occupancy to avoid further recruitment issues when occupancy increases.

Providers have also highlighted the impact of agency premiums on staffing costs within the sector. There are reports of agency premiums for both nursing and care staff being vastly more than the levels at which they would normally recruit. There is a present danger that the lure of increased pay is pushing care workers away from salaried positions with care providers to the more flexible, and financially rewarding,



arrangement of agency work. These costs are then being passported back to providers in the form of inflated premiums, with covering weekends and Bank Holidays providing significant financial challenges.

High agency usage and staff retention issues have impacted upon provider quality with an increase in the number of older people's care homes being supported under the TSAB RASC procedure. Fifteen of the 25 providers supported under RASC procedure since 2016 have been older people's care homes.

Recruitment and retention issues experienced within the community sector has the potential to create a bigger impact on residential care market trends. An insufficiency of home care resource (Section 1b) could mean that we begin to see an increase in premature residential care admissions, when preferred options are unavailable.

Delays in hospital discharges due to insufficiency of home care and intermediate care facilities also have the potential to result in premature admission to residential settings. Delays in prompt social care assessment following discharge can result in short stay residential care admissions becoming lengthy, and lead to more people remaining in permanent residential care.

The cost-of-living crisis in the UK continues to impact upon the residential care sector with reports of increased expenditure, in particular in the areas of utility, food and insurance bills. This was reflected during the FCOC exercise with providers indicating inflated costs in these areas and a high inflationary uplift across all areas seen in April 2022. The extension in government energy support scheme to businesses will alleviate some concerns in the short term, but long-term impacts remain unclear.

Cost of living is also exacerbating staffing concerns for providers, with many care workers seeking higher paid jobs in other sectors. The anticipated national living wage (NLW) increase will go some way to helping support the care workforce and the Local Authority will work hard to ensure the NLW is reflected in any fee increases in future years.

## B) Assessment of current sustainability of the adult (18+) home care market

### Home care supply and demand

From 2016, the majority of home care services in Redcar & Cleveland have been delivered through a Community Care and Support Framework (CC&S) which provided sufficiency and consistency of supply up until the start of the COVID-19 pandemic in 2020. The most recent procurement process was impacted by the pandemic and prevented new providers from developing as expected, therefore reducing the anticipated growth capacity of the framework. The pandemic then disrupted the processes in place to provide a stable environment for the sector such as allocation of care packages in line with the order of the procurement selection process. This resulted in greater use of 'off-framework' provision and compromised the efficient and effective allocation of care packages which will take some time to resolve.

Working relationships with providers have been generally very positive and collaborative, both individually and collectively, this is based on a culture of shared understanding of the issues and mutual support to face the challenges. Most providers are locally based or local branches of larger organisations with stable management.

The table below shows a summary of comparative home care provision from 2018/19 to 2021/22.

Year	Home Care Spend	Home Care Hours
2018-19	£12,313,060.95	776,931.05
2019-20	£13,341,340.98	788,521.15
2020-21	£13,996,806.47	812,585.97
2021-22	£14,440,314.74	742,616.03

From July 2021 there were increasing issues with recruitment and retention in home care that started to impact on delivery and allocation of packages. Prior to October 2021 there was no formalised waiting list for home care packages, though there were anticipated delays in allocations to rota's and some individually difficult to source packages.

The package allocation issues that accumulated throughout the pandemic were compounded through August and September 2022 due to the disruption caused by the systems outages affecting Advanced and specifically the StaffPlan rostering software. Three providers operating within Redcar & Cleveland and who collectively deliver approximately 50% of capacity, were severely affected and prevented from taking new packages for a number of weeks.

The Redcar & Cleveland Market Capacity Tracker for care at home from 5<sup>th</sup> October 2022 identified 100 adults awaiting an allocation of a package of care requiring a total of 1056.5 hours per week, 76 of those adults had been waiting more than 7 days. A risk-based approach to adults who are waiting for a care package is robustly managed. There were a disproportionate number of adults in Guisborough and East Cleveland waiting for home care packages with significantly longer average and maximum waiting times. This disparity was most acute in the more semi-rural postcodes of TS12 and TS13 where 51 people were awaiting a package of care. At the time of writing, the number of adults waiting for a package of care has reduced to around 40, however, the same challenges and longer waiting times sourcing care in TS12 and TS13 remain.

The individual details of packages awaiting allocation are complex and include multiple 2-worker calls each day in dispersed communities. Delays in the allocation of packages of care has an obvious negative impact for the adults concerned and their families. There is also a significant impact on the flow of patients from hospital discharges that has an adverse effect on the efficiency of local health systems which are under pressure. As well as the short-term impacts of delays to allocation there can be longer-term or permanent implications where people are provided with care and support in an interim setting that delays or prevents their rehabilitation and return to maximum independence.

The sector supports provision that is outside of the contracted capacity of the Local Authority, including NHS Continuing Healthcare (CHC) packages, medication only support, and self-funding adults. There is provision that is commissioned outside of the Local Authority, including NHS Home First which is targeted at supporting patients to leave hospital when medically fit to do so.

The current CC&S Framework contract period runs to 31<sup>st</sup> October 2023, an option to extend for a further period of 12 months has been enacted, giving a revised end date of 31<sup>st</sup> October 2024.

The table below shows the current weekly delivery hours for home care and other closely related support services.

Care and Support Model	Hours	Nights
CC&S Framework Contracts	7,911.16	436.50
Additional Home Care Capacity Contracts	2,614.20	-
Positive Behavioural Support (Specialist)	1,635.00	527.00
Autism (Specialist)	292.75	-
Extra Care	2,169.75	401.75
Supported Living	5,076.00	833.00
<b>Total</b>	<b>19,698.86</b>	<b>2,198.25</b>

## Home care pressures

The three main pressures impacting on the delivery of home care in Redcar & Cleveland are:

- Workforce recruitment and retention
- Capacity in the semi-rural east of the borough
- Market share and sustainability of provider capacity

Although these issues can be considered separately, they are intrinsically linked. These issues are addressed as priorities within this Market Sustainability Plan.

- **Workforce recruitment and retention**

From July 2021 there has been increasing pressure within the home care sector due to the inability of providers to recruit and retain sufficient suitable workers. This is recognised as a national issue and stems from the pay and conditions for home care workers. The two key issues are parity with roles in other sectors where similar levels of skill, experience and working pattern, and differential with other roles in the care sector that may be seen to have less direct responsibility and more favourable working conditions.

Pay for home care workers is at or just above to NLW. There are increasing opportunities for workers to move, either to roles that pay the same rate with better conditions, or to other sectors that offer higher pay and progression opportunities.

Progression from the care sector to NHS roles has occurred historically and has previously been regarded as positive. Currently there continues to be migration to the health sector but without the balance of new recruitment into the home care sector, and this is a concern. The table below illustrates the issues of parity with roles in the health sector:

### NHS Salary Overview 22/23

	Entry step point	Hourly Rate	Years until eligible for pay progression	Top step point	Hourly Rate
Band 2	£20,270	£10.37	2	£21,318	£10.90
Band 3	£21,730	£11.11	2	£23,177	£11.85
Band 4	£23,949	£12.25	3	£26,282	£13.44

Contractual and working conditions in home care do not have the consistency of other industries and can disadvantage recruitment and retention in the sector:

- Contracts: workers may be on zero hours, part-time or full-time contracts. As the rates are paid based on delivery and they are very locally based it is difficult to maintain consistent working, especially in areas with lower population levels.
- Flexibility is both a benefit and a risk: some workers appreciate the ability to adjust working hours to fit around other commitments.
- Consistency and Stability: payment is only made for hours worked in direct delivery which can fluctuate.
- Walkers have a limited range: usually around their home community and are dependent on local customers to make up sufficient hours.
- Drivers need to have a suitable vehicle for work use: contracts and pay rates do not help in promoting and maintaining car ownership.
- Working Pattern: there are periods of high demand during the day with low demand in between. This can mean that workers have an extended working day to complete their hours and the required visits.
- Responsibility: as lone workers carrying out complex care tasks there is significant responsibility that is not reflected by the rates of pay.
- Risk: with responsibility comes risk and workers are subject to disciplinary action when errors or omissions are made which can lead to serious consequences.
- The role can be difficult and demanding: the needs of adults have become more complex and diverse requiring wider skills and abilities.
- Main job/second job: a full-time care worker on NLW would have an annual salary of just over £18,000, this may not be enough to be a main family income. The benefits system places restrictions on working over 16 hours, where people work and claim. Where childcare arrangements are required, they need to be affordable and fit around the hours worked.
- Status and public perception: home care work does not carry the status of the same roles in the NHS. There is no national pay scale with progression.

The current cost of living increases are expected to further exacerbate the recruitment and retention issues in the home care sector. Central government advice for people to get better paid jobs to address the pressures they face from increased prices will inevitably have most impact on sectors based on and around NLW rates. The unemployment rate is currently at its lowest point since 1974, for those deemed well enough to work.

The Local Authority is engaging in the national recruitment campaign for the care workforce, and this has been linked to regional and local activity to increase impact. Additionally, a local initiative 'The Caring Kind' has been set up to take a longer-term view of improving the perceived status of care as a career, targeting information to key groups for recruitment and assisting providers to be collectively more efficient in their recruitment activity.

An increase in worker pay rates is seen as the most obvious strategy to improve recruitment and retention in the care sector and especially in home care services. This will continue to be a priority in future contractual and fee considerations.

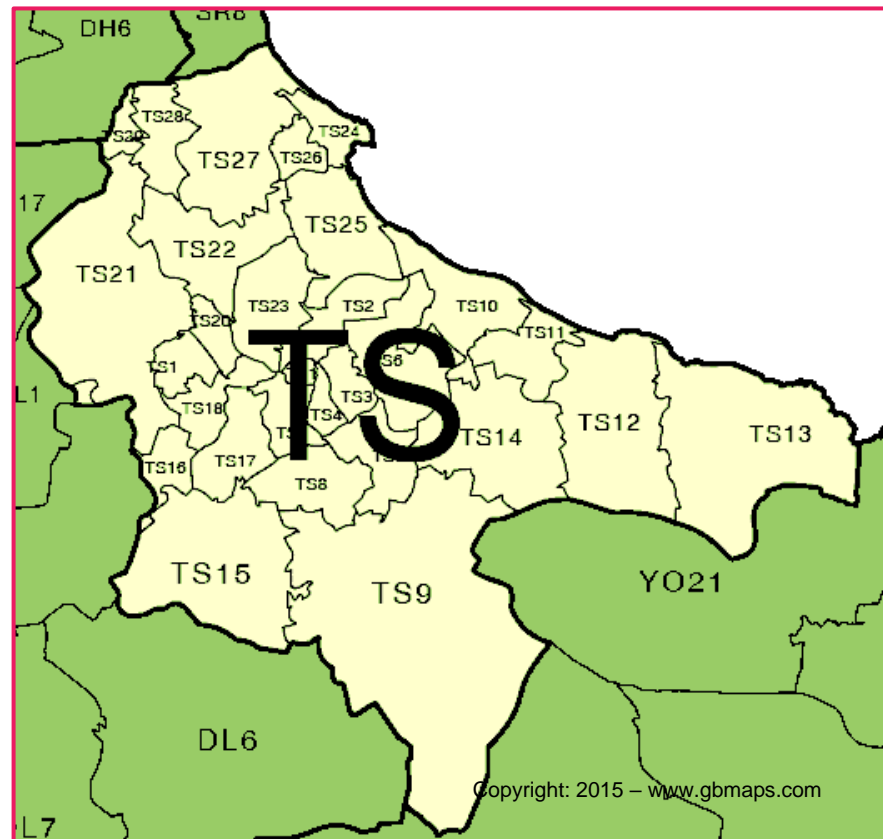
- Capacity in the semi-rural east of the borough

The recruitment and retention issues impacting on home care are magnified in more rural areas. This has been a historical issue to some extent but has only been of great significance with the most rural packages until recently. Currently the combination of pressures on staff recruitment and retention combined with cost-of-living increases have combined with the disruptions in the allocation process so that a wider area is now affected to a more significant extent and can be described as extending across post code areas TS12 and TS13 which include the small towns as well as the villages of more rural parts of that area.

In June 2022, costs associated with travel were highlighted by providers as a pressure and are of particular influence in more rural areas where travel distances and times are increased, the HMRC mileage rate remains unchanged at 45 pence per mile. An interim support measure was introduced to make additional payments above the contracted rates of 8 pence per hour for long visits (over 2 hours) and 16 pence per hour for short visits (under 2 hours).

Consultation has also begun with providers to understand how the level of capacity in these areas can be influenced, including the option of introducing enhanced rates for some postcode areas where this may be effective.

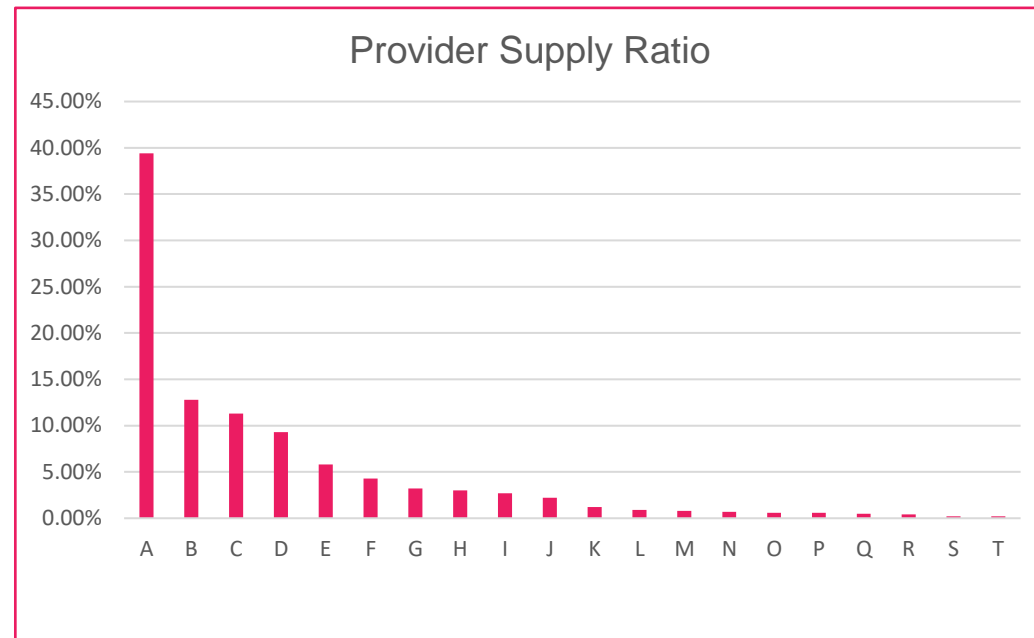
In addition to the workforce shortages mileage and other costs associated with travel present a significant barrier to the efficient delivery of home care services.



- **Market share and sustainability of provider capacity**

Disruption in the flow of allocating packages of care through the usual procurement processes has fragmented the home care sector. This has hampered efficiency of delivery and reduced the volume of delivery for some providers that impacts on their sustainability. Recovery from this position is now reshaping the market to some extent but remains constrained by workforce and travel limitations.

The graph shows the ratio of supply for providers A to T in October 2021. The ratio of supply was calculated using the average ratios for number of staff, commissioned hours, provisioned hours and number of customers.



There will need to be a supported move towards a model of delivery that promotes sustainable volumes of home care provision in all localities while maintaining some choice for those receiving care and support.

### Stability of the market

The accumulation of impacts from COVID-19, the national economic situation, recent system outages and shortages in the labour market are creating a critical situation for the delivery of home care.

Over the last 12 months at least one provider has indicated that they are operating a profit-making business, and at least one provider has indicated that a reduction in the number of packages they are able to support is having a direct impact on their business, and this is not sustainable in the short to medium-term.

During 2021/22 additional funding support was provided to the sector, and specific funding was allocated to offset costs associated with infection prevention and control. The table below describes other funding made available between 21<sup>st</sup> October 2021 and 31<sup>st</sup> March 2022 to support worker recruitment and retention.

<b>Funding</b>	<b>Allocation</b>
WR&R Fund – Recruitment and Retention	£100,000
NHS NLW Fund 1 – Increase to minimum £9.50 per hour	£132,465
NHS NLW Fund 2 – Increase to minimum £9.50 per hour	£132,465
<b>Total</b>	<b>£364,930</b>

Funding of £364,930 over 24 weeks at 12,000 hours per week is equivalent to £1.26 per hour of care delivery.





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

### Care home settings

There are currently in the region of 300 self-funding adults within older people's residential care homes in Redcar & Cleveland, approximately 33% of the current care home market. Charging reforms will impact on care homes financially within 3 years as self-funders may move into residential care settings on Local Authority fee rates. Currently all 25 older people's care homes in the borough have at least one privately funded resident, with 15 of the 25 homes having over 10 self-funding adults, many of which are charged above Local Authority rates.

Third party top-ups and private rates will still be permitted beyond the April 2025 implementation of the charging reforms; however, the current care home settings may not present enough quality differential between privately funded rooms and those funded by the Local Authority to attract those with sufficient equity into paying a private rate. The introduction of care contribution metering and a rise in the upper capital limit from £23,250 to £100,000, will mean a decrease in new care home residents who are self-funding and an impact on social care budgets which is yet to be fully realised.

In addition, people who may have previously been reluctant to move into residential care due to the financial implications, may in future be more likely to choose residential care sooner due to the lowering of social care funding thresholds and the possibility of having private residential care funded at the Local Authority rate, potentially increasing general residential care admissions.

However, increases in independent and supported living services are helping people remain at home for longer, meaning people moving into care homes due to general frailty may do so later in life with more complex health and care needs, requiring enhanced levels of care.

Recruitment and retention of care and nursing staff remains a persistent concern to the current and long-term stability of care homes, and the quality of care being delivered. This is exacerbated by the increased cost of living. Providers have told us that care staff feel undervalued, and that care is not an attractive long-term career path when compared to similarly paid alternatives.

Nursing care remains the biggest risk to the older people's care home sector. Recruitment and retention of qualified nurses and a gap in cost effectiveness for nursing care providers against Local Authority and NHS funded rates has the potential to destabilise the market in the next 1-3 years, if funding gaps remain, or more cost-effective solutions are not sought.

## Home Care and Extra Care

The difficulties in recruitment and retention across all care sectors will continue without significant intervention to make the market more competitive with other sectors. This trend is expected to continue to have the greatest impact in Home Care services, and especially those required for adults in the most rural and semi-rural areas of the borough, and where multiple double-up calls are required.

While work continues to address care worker pay as a central aspect of capacity shortages across the care sector, other work is being undertaken to address the significant secondary factors. In partnership with Anglo American, a project to create a local online support resource for the home care sector called 'The Caring Kind' has been established. This will initially focus on how recruitment can be more locally focussed to reduce costs and increase efficiency while simultaneously promoting and valuing a career in care and support.

Demand for Extra Care housing remains high in the communities where it is well established, and this undoubtedly relieves some pressure on home care services. Developments are underway to expand the capacity and geographical presence of Extra Care and supported living services, but further specific targeted procurement activity may be needed to stimulate this development in the east of the borough.

There is a small but dispersed private home care market and some providers have made representations about how this could be expanded to support the pressures on Local Authority resources, which is being explored.



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

### A) Care home settings for older people (65+ care homes market)

The Local Authority is committed to responding to the costs that have been identified by providers as part of the FCOC exercise. As identified in Annex B of the FCOC return, the Local Authority has only chosen to make reasonable adjustments to the 2021/22 actual provider costs in the areas of ROC, ROO, and Occupancy, in line with DHSC guidance.

The adjusted 2021/22 median weekly bed rates as outlined below are very similar to those offered by the Local Authority for the same period for residential and residential EMI care beds.

	21/22 Amended Totals	April 22 Mean Uplift (10.3%)	Current LA rates
Residential care	£627.18	£683.95	£673.47
Residential EMI care	£649.93	£709.06	£708.83
Nursing care	£932.78	£1,021.04	£673.47 + £209 FNC
Nursing EMI care	£842.33	£921.28	£673.47 + £209 FNC

Our approach to ROO of 6% is largely based upon regional and nationally accepted standards for appropriate levels of provider profit in the care sector. We are likely to be gaining as many, if not more, new residential care beds into the sector in the next 18 months as we have lost in the previous 18 months.

This would indicate Redcar & Cleveland fee rates are sufficient to attract new investment into the care home sector. We must balance sufficiency in the current residential care market with offering a ROO which has the potential to increase investment in the area, and lead to over-subscription of residential care beds, potentially leading to market instability and provider failure. For this reason, we set our ROO at 6% for 2023/24 but agree to review at the 2024/25 fee setting stage.

This is tempered by the recognition that providers have struggled to recoup lost occupancy during the COVID-19 pandemic, although general occupancy in the sector is increasing. Regionally it has been accepted that healthy occupancy for residential homes is in the region of 90-94%, however we recognise that setting occupancy too high will result in a fee rate that is further reduced. For this reason, and to reflect current occupancy levels, we have only adjusted April 2022/23 fees to reflect occupancy at 90%. We have also opted for this level as the increase in

residential care beds in the immediate future, thus leading to lower over-all occupancy, may be offset in the short-term by current capacity issues within the home care market, which may push occupancy up in the immediate future, despite long-term preventative strategies.

In 2022/23 the Local Authority recognised the need to uplift residential rates to reflect the inflation being seen by the provider market at the time. We therefore uplifted our 2021/22 rates in April 2022 by 8.4% utilising the Local Authority's allocation of FCOC grant funding to reach our 2022/23 base rates across residential and EMI. Rates at the time stood at £673.47 for residential care and £708.83 for EMI care.

In setting our residential care funding levels in 2023/24 we have had to balance the risks between encouraging further residential market development and recognising the rising costs associated with delivering 24-hour care. We must endeavour to use public funding responsibly and focus our commissioning intentions on the services and systems that maintain independence for longer, but also deliver this in a way which is providing safe, quality care.

We hugely value the contributions that our providers made to the FCOC exercise and sharing with us the pressures they have faced. The data collated through CareCubed gave us the opportunity to refresh our fee uplift mechanism which had been in operation since 2013. In consultation with providers, we have endeavoured to utilise these same cost lines to calculate any fee increases in 2023/24.

We opted to use a mean percentage uplift to the 2021/22 data submitted by providers (10.3%), which we believed would give greater emphasis to the outliers in inflationary increases that some providers saw in April 2022, such as food and utility bills, than a median percentage would have accounted for (this was in the region of 8.5%). All costs lines within the 2021/22 submissions were uplifted by this rate, giving more inflated increases to some areas that may have been lower than 10.3%.

The Local Authority has outlined its intention to bridge the gap between the final FCOC rates for April 2022 and the actual care home rates offered by the Local Authority throughout 2022/23. Our grant funding for 2023/24 will be utilised to pay the differential in these rates. Therefore, our starting point for uplifts for 2023/24 has been the FCOC, and we have done this to recognise the cost pressures in delivering front line care that providers have highlighted to us through their returns.

We recognise that the increases in cost of living and utilities will continue to grow as the year progresses and since our FCOC return in October 2022 we have conducted 1-1 engagement sessions with providers to go over the market sustainability challenges in 2022/23, and to outline our intention to use up-to-date care home provider cost lines established through the CHIP Commissioned CareCubed data collection tool. Cost lines have been aligned with NLW and corresponding data sets from the ONS Consumer Price Index (CPI). Uplifts have then been applied based upon percentage movements from April 2022 FCOC levels to January 2023. Our previous uplift mechanism utilised CPI inflation up to the October prior to implementation. By using CPI up to January 2023, we believe we are using data much closer to the funding year, and more reflective of the current market. Providers have overall responded to these changes positively.

What this has given us is a real-time increase from our base rate in 2022/23, that is higher than current inflation rates across the UK. Our rates increases from 2022/23 to 2023/24 for residential care is 11.4% and for EMI rates of 10.1%. Therefore, in 2023/24, residential care will be commissioned at the following rates:

**Residential:** £750.22

**Residential EMI:** £780.38

Given that there is significant uncertainty around the occupancy of residential care settings moving forward, we have opted not to adjust the 2023/24 rates for a higher occupancy than that which was indicated in provider returns through FCOC.

Should the Local Authority receive any additional government funding for market sustainability and FCOC in 2023/24, we will utilise this to address any inflationary uplifts associated with our 2024/25 residential care rates.

## Recruitment, Retention & Quality

The ripple effects of difficulties to recruit and retain quality care staff have been recognised by providers and the Local Authority, as major challenges in sustainability and quality standards in older people's care homes in recent years, and we will continue to support the sector to recruit and provide training opportunities to offer greater stability.

As a Local Authority we will push forward with plans to launch locally run recruitment campaigns and capitalise on national campaigns by raising the profile of the home care sector. These campaigns will come under the banner of 'The Caring Kind' and will focus on the key roles performed in the community to highlight the opportunities for career progression, which may otherwise be overlooked. We are aware from provider consultation that regionally there is a limited pool of available care staff, with a reduction in people leaving school and college pursuing a career in care. By raising the profile of the care industry and working with local and national colleagues to roll out any funding opportunities and sponsorship schemes, we hope to increase the desire for local people to work in care.

There is a careful balancing act to ensure that we do not drive a limited workforce away from home care to care homes, which has the potential to destabilise the care market, resulting in increased waiting times for community packages of care, and premature admission to care homes and Acute Trusts as a result.

We will work closely with our providers to drive forward innovation, such as technology enabled care, which can complement formal care and release precious capacity in the home care services, and potentially increase quality standards. Innovation such as digital social care records

should be a priority given the long-term benefits to care quality and efficiency, and integration, along with digital and electronic monitoring solutions. We will also work with local NHS providers and our partners within the Integrated Care Board (ICB) and the Association for the Directors of Adult Social Services (ADASS) to campaign for greater regulation of agencies supplying care workers due to the significant quality and price issues encountered by providers.

## Nursing Care & Hospital Discharge

Following reasonable adjustments, the FCOC returns still show a significant differential between the current rates and the costs incurred by providers to deliver nursing care.

To sustain nursing care in the long-term, the Local Authority will work closely with NHS partners to raise awareness of the gap in funding. Costs for nursing care must be reflective of the challenges to recruit and retain nurses to work in care homes, as their preference appears to be working in hospitals and community nursing teams. Greater focus on attracting nurses to work in care home settings need to be prioritised, and FNC rates need to be sufficient to ensure nursing care is financially viable for care home providers. We will work alongside Local Authority partners across Tees to establish working groups to explore practical solutions to nursing care concerns, which are a risk to sustainability. In addition, the Local Authority will continue to support nursing care providers to further develop models of delegated nursing care functions, such as CHAPS training courses and Nurse Associate programmes, again in conjunction with colleagues across the NHS.

We must also recognise that there are significant challenges for providers, social services departments, and for colleagues in hospital settings when it comes to the timely discharge of older people from hospital. Prolonged delays in hospital discharge are increasing, however, providers have indicated to us that there are communication issues between hospital wards and residential settings, with a increased pressure on residential care providers to accept residents with complex needs and at times inaccurate information from hospital wards.

As a Local Authority we have utilised Discharge to Assess (D2A) funding to block book a small number of care home beds with a number of residential providers to ensure there is provision of residential, EMI and nursing care to support hospital discharge for people under D2A arrangements. Under these arrangements, the care homes will make a decision about suitability of the person for the care setting within 2 hours and facilitate admission to the care home within 24 hours where possible.

From the information and intelligence we have gathered, we know that communication needs to be improved for people who are being discharged from hospital and that services are frequently disjointed. We will work together with our NHS partners to ensure people receive clear and concise information to help them understand discharge processes and service provision. Providers have told us that they are seeing people moving into residential care who would normally have met the criteria for FNC. They also report increasing difficulty in securing reassessment of need for an enhanced level of support such as EMI or nursing care, after people have been admitted to their care setting. This

is creating significant concern amongst care home providers and is resulting in some reluctance from providers to accept people with more complex needs. We will work across the health and care system to improve these processes and response times to ensure we maintain good working relationships between the Local Authority, the NHS and our valued care providers.

## Future Commissioning Intentions

Our focus, in line with our Care Act duties and our Adult Social Care Vision, will be to invest in opportunities to support people to live independently and stay in their own homes for longer.

Redcar & Cleveland currently contracts with all residential care providers within the borough and has not engaged in a procurement exercise for some years. This has resulted in a market which, to some extent, is disconnected from Adult Social Care commissioning priorities. The significant work undertaken in the last 12 months in engaging with providers, people who draw on care and support, and professionals, should be utilised to formulate a new residential care agreement and to inform outcomes-based commissioning.

We recognise that a significant challenge to providing quality residential care for older people is the increasingly complex needs of those living in care homes, and the unsustainability of nursing care provision. This is more evident where we see dual-registered homes with low nursing occupancy as this has the potential to destabilise residential care settings or result in deregistration.

We are seeing more care home providers reluctant to accept people with care needs which may be detrimental to both the harmony of their residential setting, or the financial viability of the business due to the increase in resources required. We also have several smaller care homes in the borough that may not be suitably equipped to care for people with more complex needs, even if they would wish to.

There is an opportunity to work with NHS colleagues to explore the possibility of jointly commissioning care settings, which are commissioned to care for people with complex nursing and nursing EMI needs. A new care setting with trained and experienced nursing staff would offer an optimal care environment to accept people with complex nursing needs and alleviate hospital discharge pressures, which could ease some of the pressure on our current mixed residential care settings.

Given that we are likely to see an increase in complexity of care home residents' needs, and more frequent changes in care needs due to the age of admission, alongside workforce challenges, it is essential we are responsive to care home providers' request for support and funded care where needs are evidenced. We will use Provider Forums to offer training opportunities and raise awareness for both practitioners and care home professionals to streamline our processes including assessment and referral. We will work closely with providers to promote and support the implementation of evidence-based innovation within the care sector, which can drive efficiency within the workforce and the care and support being delivered.

In 2023 we intend to maintain funding to the residential care sector through Better Care Fund (BCF) support schemes, such as Managing Under-Nutrition South Tees (MUST), Falls Prevention, Infection Prevention and Control (IPC) support and Medicines Optimisation Services. We recognise the valuable role that these services play in developing the competency of the care workforce and improving quality of care. We plan to embed these services into more robust contract management and monitoring processes and, if further BCF funding is available, we will work with providers and ICB colleagues to efficiently commission support services which may help alleviate some of the pressures currently being experienced by the market.

## B) Home Care (18+ home care market)

### Changes in the market.

Home care services have been under significant pressure for the last three years and the impact on capacity escalated throughout 2022, causing significant issues for delivery, meaning people received care which was not always in their optimal setting. This escalation slowed in the last months of 2022 and although capacity remains fragile, it is not currently at crisis point. Pressures remain across the Home Care sector as ever more rapid service implementation is required to meet hospital discharge requirements and people with more complex needs in the community.

The tables below provide details of the packages awaiting allocation on 10<sup>th</sup> March 2023 with the figures from 05<sup>th</sup> October 2022 shown in brackets for comparison.

Referral Settings 10.03.2023 (05.10.2022)	At Home without support	At home with some support	At home with interim support	Short stay	Short stay Discharge to assess	Meadowgate Intermediate Care	Hospital
	16 (48)	5 (20)	6 (6)	8 (5)	0 (1)	2 (3)	2 (17)



POC Type	Home Care service	Sitting service	Community only	Domestic or Shopping only	PBS
10.03.2023 (05.10.2022)	34 (78)	1 (6)	2 (8)	0 (4)	2 (4)

Area	Locality	Cases	Average Days Waiting	Maximum Days Waiting
10.03.2023 (05.10.2022)	<b>Redcar Coastal</b>	12 (16)	17 (12)	228 (72)
	<b>Greater Eston</b>	5 (14)	30 (24)	51 (98)
	<b>Guisborough and East Cleveland</b>	22 (69)	63 (55)	444 (288)

## Commissioning Interventions

During COVID-19 the capacity in the Home Care market was under extreme pressure and developed to include providers on the main Community Care and Support (CC&S) contract, plus additional capacity through spot contract arrangements. The procurement timetable has now been reviewed and the optional extension of 12 months for the CC&S contract has been taken to extend the term to 31<sup>st</sup> October 2024 to allow market stabilisation. Simultaneously providers under spot contracts have been brought under the same terms and conditions as our CC&S framework providers and will be offered contracts up to 31<sup>st</sup> October 2024 to work towards a procurement exercise and revised framework arrangement from 1<sup>st</sup> November 2024.

To support hospital discharge and social care 'flow', a Capacity Response pilot has been established to provide an immediate and interim service until 31 October 2023, while capacity in the wider market is further understood to inform future commissioning intentions. To further support our Adult Social Care Vision, an Overnight Planned Care pilot has been established until 31<sup>st</sup> October 2023 to centralise and build demand to support people with emerging overnight needs to remain in their own homes. These pilots will be evaluated to understand their impact on outcomes and will inform future commissioning intentions.

## Interim measures

Over the last 12 months additional funding has been provided to the Home Care sector in order to provide interim support and test the viability of approaches in developing longer-term strategies and commissioning opportunities.

The contract mileage rate was increased from 35 pence per mile to the HMRC maximum rate of 45 pence per mile from April 2022. In June 2022 increased travel costs prompted representations from providers for additional financial support to care workers. An additional payment of 8 pence per hour for long visits (over 2 hours) and 16 pence per hour for short visits was introduced from 13<sup>th</sup> June 2022 to 31<sup>st</sup> October 2022, with flexibility for providers to apply it effectively within their service delivery. From 1<sup>st</sup> November 2022 these rates were increased to 12 pence per mile and 24 pence per mile respectively and extended to 2<sup>nd</sup> April 2023. Provider engagement discussions have indicated that the additional interim travel payments have been applied in different ways and have had a positive impact for most providers.

To address the capacity issues in the east of the Borough an interim enhanced rate of £1.50 per hour was applied for home care packages in TS12 and TS13 postcode areas from 5<sup>th</sup> December 2022 to 2<sup>nd</sup> March 2023. Feedback from providers suggests that this has been more difficult to apply directly to increase capacity.

The central issue reported by providers in addressing recruitment and retention concerns is care worker pay, especially in home care where terms and conditions can be particularly challenging. Early implementation of NLW uplift to £10.42 was applied to home care fees from 5<sup>th</sup> December 2022 to 2<sup>nd</sup> April 2023 when revised rates for 2023/24 would be introduced. Most providers reported a significant benefit from this additional funding and in some cases workers who had left the sector were encouraged to return.

From 27<sup>th</sup> February 2023 to 31<sup>st</sup> October 2023 additional funding has been made available to cover initial periods of hospital and short break care, to maintain capacity and availability of care packages. Feedback from providers has been very positive as this maintains stability in rotas and worker pay.

From 1<sup>st</sup> February 2023 additional commissioning capacity has been created to ensure greater focus on developing pathways and processes to support the flow of adults through the health and social care system in Redcar & Cleveland. It is anticipated that this work will contribute significantly to the development of further pilot work and the new home care contract arrangements in 2024.

## Longer-term measures

Payment rates above NLW have been requested from providers for a significant time to strengthen recruitment and retention into home care services, and to reflect the responsibilities and the role of a home care worker.

For a number of years, it has been a contractual requirement for home care providers to pay the over-23 years NLW rate to workers of all ages, this was initially established to encourage young people into the sector. More recently feedback from providers has suggested that the progressive loss of workers from the sector has created an imbalance and more experienced staff are facing greater pressure to look for other work with cost-of-living increases. In order to redress this imbalance providers have consistently requested an increase in comparative pay rates for experienced home care workers. This has been explored through a sample of home care worker age and service length data.

### Sample staff profile

The table below illustrates service delivery against the age profile of workers by NLW rate bands.

Age Band	% of hours delivered
Workers aged under 21	21.4%
Workers aged 21-23	7.1%
Workers aged 23+	71.5%

The table below illustrates service delivery against service length of workers within current organisation.

Service Band	% of hours delivered
Workers with under 1 year of service	24.3%
Workers with 1-2 years of service	18.0%
Workers with 2-3 years of service	13.6%
Workers with 3+ years of service	44.1%

The table below shows options considered for minimum staff pay in the implementation of fee uplifts for Home Care services for 2023-24

National Living Wage Rates April 2023	Option 1		Option 2	
18-20 £7.49	£10.42	(£2.93)	£10.42	(£2.93)
21-22 £10.18	£10.42	(£0.24)	£10.42	(£0.24)
23+ £10.42	£10.42	(£0.00)	£11.00	(£0.58)

We recognise that people over the age of 23 years in general have more responsibilities and financial commitments, and we have taken this into consideration when setting our home care rates for 2023/24. Redcar & Cleveland has listened to the feedback from our home care providers, and will implement Option 2 from 3<sup>rd</sup> April 2023, meaning care workers over the age of 23 will receive 58 pence more per hour than those under 23 years.

Significant additional work is required to understand the interactions between home care and other parts of the local health and care landscape, so that commissioning activity over the next 5 years maximises efficiency through integrated pathways of care and support. This will include greater understanding of the human factors involved when local people are presented with choices about how their care and support needs might be met. To support the development of the Market Sustainability Plan an independent survey was commissioned from Healthwatch to gather the opinions of local people about care and support services. The report from this survey called 'Your Future Your Choice' has just been published and provides greater clarity on the types of services local people value and would aspire to receive.



“We will help you live safe and well, in the place you call home, with the people and things you love, connected to your community, doing the things that matter to you.”

## Our Commitment to Adults and Unpaid Carers

- **Listen** *I am listened to and shape my own support*
- **Advise** *I am given information and advice when I need it*
- **Enable** *I am enabled to regain my wellbeing and independence*
- **Support** *I am provided with quality care that is value for money*

