# Market Sustainability Plan

## Medway Council

## March 2023

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

1. Assessment of current sustainability of the 65+ care home market

Medway Council (the Council) is facing unprecedented challenges to support and sustain the 65+ care home market. At present there are 43 care homes registered to provide care to ‘older people’ in Medway, of these 14 are registered to provide nursing care. In total these care homes are registered to provide 1,390 care homes beds.

The demand for care homes that can support those with greater, more challenging, or more complex needs often exceeds the market capacity. This may be a relatively small proportion of the overall market, but it does lead us to place outside of Medway. Currently supply is just meeting demand however this varies between the different placement types.

Current estimations are that there are 46,400 Medway residents aged 65+. From data extracted from Mosaic (Social Care Case Management System) for financial year 21/22, 3,392 adults accessed long term support from Adult Social Care (30.8% received residential or nursing care).

Population projections for Medway indicate significant increase in current demand for services for example, the 85-89 and 90+ age categories will grow at a steep rate with both seeing 58% and 84% (respectively) increases between 2020 and 2040. Health and care needs are becoming increasingly challenging, those 65+ adults with dementia are expected to increase by 48% by 2040 (an increase of 1,432 65+ adults).

The availability and supply of care home placements is heavily influenced by the demand of placements from the health sector (timely discharge to reduce pressure in hospitals) and seasonal variations such as winter pressures.

In 2022 Q2, Medway saw the closure of one nursing home and, a care home removed nursing from their registration in Q4. This has created additional pressure on an already pressurised section of the market in Medway (nursing care).

Since 2019, Medway has seen three standard residential care home closures. To date, this has been manageable due to decreased demand, although this varies between the different placement types. Statistics show a growing trend in people choosing to receive care and support in their own homes for longer, resulting in a reduction of people moving into care homes.

Data captured from Care Quality Commission shows the following make up of Older Persons Residential Care Homes in Medway:

1 to 19 beds – 15 Care Homes (151 beds)

20 to 39 beds – 14 Care Homes (429 beds)

40 to 59 beds – 7 Care Homes (311 beds)

60 or more beds – 7 Care Homes (499 beds)

It is important to note trends that suggest new care homes being built are increasingly larger. New larger care homes would benefit from greater economies of scale, but also from being efficient in terms of energy and utility costs. A proportion of the local market could be more susceptible to sustainability pressures given current operating conditions.

The CQC inspection ratings published on 1 April 2022 show that 75% of providers (accounting for 70% of residents) are rated as Good / Outstanding, 19% (accounting for 27% of residents) are rated as Requires Improvement / Inadequate, with the remainder ‘unknown’ (accounting for 3% of residents) in Medway. The Adult Social Care Strategy includes actions around market improvement. This sees Quality Assurance resources aligned to service providers to support the improvement of services across Medway.

From the Council’s engagement with the 65+ care home provider market, consideration of the above population projections and historic demand for residential care, there is evidence to support an insufficiency of supply and challenge to continuity of care for residents over the age of 65 requiring residential care. Whilst the volume of residential care residents has decreased by 13% cumulatively over a six-year period, from 880 clients (2016/17) to 768 (2021/22), the demand for the next 20 years is estimated to increase which will create unsustainable pressures in the provider market without significant investment.

The prevalence of dementia is a significant challenge to the sufficiency of the 65+ care home market in that it is estimated demand will overtake supply.

The recommissioning of the Support to Live at Home (domiciliary care and Extra Care) and residential and nursing services will commence in 2023/24. Part of each activity will be to undertake market shaping. The outcome of this will inform the Market Position Statement and the Commissioning Strategy also due to be delivered in 23/24.

National vacancy rates in care home sector staff (according to Skills for Care – July 2022) have increased by 52% in the last year. Current market conditions do not support the development of the 65+ care home provider workforce. Workforce, recruitment and retention are considered to be a significant challenge to the sufficiency of the provider market. The majority of care staff are paid just above the minimum wage and in consideration of the ‘cost of living’, many staff are seeking higher paid employment which creates difficulties for recruitment and retention.

Our recent Fair Cost of Care analysis evidences the weekly rate for standard residential care as £946, rising to £1,350 pw for enhanced nursing. Rising demand, reducing budgets, staffing and prices are creating a perfect storm within the 65+ care home market that is challenging the Council to ensure continued support and sustainability.

Whilst the residential average weekly cost in Medway is below the national average, the trend of average weekly cost has been steadily increasing (23.5% cumulative increase between 2016/17 and 2021/22). The average weekly cost for 21/22 was £972. Pressures from the ‘cost of living’ crisis, resourcing and demand being greater than supply indicate that the historic ‘upward’ trend will continue which, set alongside budget pressures, as well as the impact that Discharge to Assess (D2A) and Covid have had on prices, will create significant challenges to the sufficiency of the provider market.

1. Assessment of current sustainability of the 18+ domiciliary care market

Over the last two years the sufficiency of supply has varied. It is felt that COVID is the main driver for this. Between March 2022 and the end of 2022, we saw a gradual reduction of capacity within the market, peaking in shortages around November 2022.

The survey undertaken by the Department of Health and Social Care via the NHS Capacity Tracker published in December outlines the challenges reported by CQC registered providers in recruiting and retaining staff, as compared to April 2021. This has been supported by and is in line with feedback from local providers.

Local market conditions are not supportive of workforce development. These include:

* Care workers paid close to or at National Living Wage
* Staff turnover within the sector – with a large number exiting the profession either completely, or to other parts of the care sector that require less travel such as care homes
* Recent fuel price increases have seen an increased challenge in getting support in areas that require more travel by car

Since January 2023 we have seen encouraging increases in capacity. Feedback suggests this increased capacity is being driven by national policy in relation to the recruitment of overseas workers. It is too early to see meaningful data around this, and it is too early to say if this is sustainable long term.

Medway Council’s homecare framework was commissioned in April 2020 and is due to expire in March 2024. Since this framework went live, fee uplifts have been targeted towards homecare services to ensure sustainability. Hourly rates have increased during this time by 7.6% since 2020, with an additional 9.9% uplift being made available for the next financial year (23/24).

Despite the above, challenges still persist in sourcing homecare in certain geographical areas of Medway, in particular rural areas such as the Hoo Peninsula and the wards of Cuxton and Halling. There are a number of reasons for this including additional travel time and costs, which have been further compounded recently due to fuel price increases. Health and care needs are also becoming increasingly challenging with dementia, falls, Help in the Home (self and / or domestic) and support for those with a learning disability represent an increasing demand.

At intervals since 2021, including early 2023, Medway has seen a number of care packages handed back to the Council to find an alternative provider. This equates to less than 10% of total number of packages of care. This has generally been due to the complexity of the care and support required, which in many cases includes the challenging behaviours of service users or members of their family. Whilst these cases only represent a small percentage of all people receiving homecare, these individuals can end up ‘working through’ numerous homecare providers. This in turn places additional pressure on the system and requires valuable resources to maintain.

Medway has faced unprecedented challenges to support and sustain the 18+ domiciliary care market. Our recent Fair Cost of Care analysis evidences the rate for homecare as £23.89 per hour. Reducing budgets, reduced staffing levels and increasing prices are creating challenges for the 18+ domiciliary care market which will mean that the Council will struggle to ensure continued support and sustainability.

Current estimates are that there are 214,600 adults aged 18+ who reside in Medway, and this is expected to increase by just under 7% by 2040.

From the Council’s engagement with the 18+ domiciliary care provider market, consideration of the above population projections and historic demand for home care, there is evidence to support an insufficiency of supply and continuity of care for residents over the age of 18 requiring home care. Whilst demand has steadily decreased in the past 6-year period, costs have increased during the same time indicating the significant challenge that both Medway and providers are faced with.

The CQC inspection ratings published on 1st April 2022 show that 44% (accounting for 34% of clients) of providers are rated as Good / Outstanding, 28% (accounting for 51% of clients) Require Improvement / Inadequate, with the remainder ‘unknown’ (accounting for 15% of clients) in Medway. The Quality Assurance team validates quality criteria through actions within the ASC Improvement plan, with the aim of reaching certain percentages of Good provisions across Medway.

 ​​​Whilst the average weekly home care cost is below the national average the trend of average weekly cost has been steadily increasing (12% cumulative increase between 2016/17 and 2021/22). The average weekly cost for 21/22 was £217. Pressures from the ‘cost of living’ crisis, resourcing and demand being greater than supply indicate that the historic ‘upward’ trend will continue which, set alongside budget pressures, will create significant challenges to the sufficiency of the provider market.

Current market conditions do not support the development of the 18+ domiciliary care provider workforce. Workforce, recruitment and retention is considered to be a significant challenge to the sufficiency of the provider market. The majority of care staff are paid just above the minimum wage and in consideration of the ‘cost of living’ many staff are seeking higher paid employment.

In 2020/21 a Kent and Medway system partner group was established to strategically understand and address the care sector workforce challenges. Medway Council implemented an action plan which focused on the workforce crisis, looking to mitigate the impact and offer support to our providers. This approach contributed to the strong recovery of the Home Care market which began in late 2022, ahead of neighbouring local authorities.

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

We conducted detailed engagement with providers to establish the Fair Cost of Care (FCoC). We also analysed our understanding of the anticipated market changes over the next 1-3 years relating to commencement of Section 18(3) of the Care Act 2014 (planned for October 2025). The Council can summarise the impact of these changes as follows;

**Insufficient supply of services** which places significant risk on the continuity of care. It is expected that staff / workforce will continue to seek alternative higher paid employment which will ultimately lead to providers leaving the market and a consolidation of the provider market.

**Insufficient range of high-quality services** as a result of increasing health and care needs. Clients will be left with poor choice at the point of entering care and poor levels of care that do not meet the individual’s needs.

**Insufficient provider investment** in workforce which will not support the attraction and retention of high-quality staff.

**Insufficient innovation** and service diversity which would otherwise evolve a service offering ensuring future changing needs are met on an evolving basis.

**Insufficient attraction to new providers** who are unlikely to enter the market if challenges around prices and workforce remain.

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

1. 65+ care homes market

Medway was granted £674,000 via the Market Sustainability and Fair Cost of Care Fund for 2022/23. From our analysis of the FCOC data and our current understanding of the 65+ care home market, we prioritised the 65+ care market as the key area requiring additional funding in 2022/23. This has resulted in increases to the weekly rates paid for residential / nursing care.

Medway Council can confirm commitment of the fund for 2022/23 according to the priority areas above. The Council can also confirm commitment of the funding aligned to the above priorities for 23/24 and 24/25, subject to a regular review.

As workforce has been identified as a key risk and priority area, the Council is committed to using the fund to support our provider market and partners. We will achieve this through focusing our support on providers, working in partnership with local education organisations, health care providers and local authority colleagues.

Medway is the biggest regeneration zone in the Thames Gateway and the Council is currently obtaining and preparing land for regeneration and leading exciting partnerships. With 30,000 new homes and 17,000 new jobs planned by 2035, there is room for all to benefit from the area’s expansion.

Central to the Council’s growth plans are increasing high value employment, continuing to support business creation and growth, and matching local business demand and skills supply. The Skills and Employability Plan for Medway celebrates the focus and strengths of our training and education providers. It recognises, and respects an intricate local, regional and national skills context

A priority area for investment is supporting our providers to offer a range of services to those with challenging health and care needs, specifically, individuals with dementia.

Our investment of the market sustainability and FCoC fund will support providers to upskill their workforce, to work more in partnership with the voluntary sector and enable commissioners to support the services that help identify dementia and support individuals to live as independently as possible.

Medway Council is fully committed to achieving the above, it is important to note that Medway Council does not own or manage care homes across Medway, leaving this solely to the private sector. This decision was taken back in 2011-12 (pre-Covid), when Medway Council successfully sold its care homes into the private sector. Despite this, the local provision has been inundated by the demands by NHS to free up hospital beds. As a result, due to capital funding constraints and no wish to return to a position of owning care homes, Medway Council for the time being retains limited capacity, hence the need to consider and, as appropriate, use out of area placements.

Medway can confirm planning consent has been granted for three new care homes (all of which are in the private sector) to be occupied by residents who are physically and/or emotionally frail, have mobility problems, suffer from paralysis, or are in need of assistance with normal everyday activities; thereby allowing residents to stay in a facility even as their care needs change thanks to an offer of combined residential, nursing and respite care. Whist this is a positive development, we cannot say at present how this will impact the market.

1. 18+ domiciliary care market

Medway was granted £674,000 via the Market Sustainability and Fair Cost of Care Fund for 2022/23. From our analysis of the FCoC data and our current understanding of the 18+ domiciliary care market, we prioritised the 18+ domiciliary care market as the key area requiring additional funding in 2022/23. This has resulted in increases to the hourly rates paid.

Medway Council can confirm commitment of the fund for 2022/23 according to the priority areas above. The Council can also confirm commitment of the funding aligned to the above priorities for 23/24 and 24/25, subject to a regular review.

As workforce has been identified as a key risk and priority area, the Council is committed to using the fund to support our provider market and partners. We will achieve this through focusing our support on providers, working in partnership with local education organisations, health care providers and local authority colleagues. Through making Medway an attractive place to live and work we will attract investment to the area.

A priority area for investment is supporting our providers to offer a range of services to those with challenging health and care needs, specifically, individuals with dementia.

Our investment of the market sustainability and FCoC fund will support providers to upskill their workforce, to work more in partnership with the voluntary sector and enable commissioners to support the services that help identify dementia and support individuals to live as independently as possible.

We will also continue to invest resource to support development of the Direct Payment mechanism which supports the employed and self-employed workforce. 28% of personal budget holders receive a direct payment; some use their budget to engage personal assistants. We have found that the direct payment mechanism offers staff retention, consistency, and can deliver better value for money.