

**Annex C: Final Market Sustainability Plan – 27<sup>th</sup> March 2023**

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

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

**Overview of Southend**

**Population and Demand**

Southend-on-Sea is a large coastal city and unitary authority with a population of 180,700 people (according to the 2021 Census). The city is a mixture of affluence and areas of deprivation. Southend has an ageing population - the median age is 42.1 years and represents an increase by nearly 2 years since the 2011 Census. In 2021, the proportion of the population aged 65+ (19.1%) was significantly greater than the that for the population aged under 15 (17.8%). The growth in this age group appears to be driven by the net growths, mainly in the 70-74 age groups (both gender), and males aged 90+ (+21%).

Projecting Older People Population Information UK (POPPI) estimated in 2020 that 35,900 Southend residents were aged 65 and over (19% of the total population) and that this will increase to 42,600 by 2030 (to 22% of the total population) based on Office for National Statistics data. It was also estimated that in 2020 that 10,383 people aged 65 and over in Southend needed support with at least one self-care activity and that this will increase to a total of 12,494 by 2030. This is very likely to lead to additional demand, however latest data suggests this increasing demand has not yet presented itself fully.

In 2021/22, there were 4,855 requests for support from new clients aged 65+ living in Southend, equivalent to 136.1 per 1,000 population aged 65+, a marginal change to that for 2020/21 (137.3 per 1,000). The average for CIPFA local authority peers was 152.6 per 1,000, and respective rates for East of England and England were 99.4 and 133.9 per 1,000 aged 65+. In this time there was no significant change in new requests from people aged 65+ in Southend, but across its CIPFA (Chartered Institute of Public Finance and Accountancy) peers, the average rate of new requests had gone up from 133.8 per 1,000 in 2020/21 to 152.6 per 1,000 in 2021/22, an increase of 14%, so Southend may yet experience a further increase.

Of the new requests for Adult Social Care support in Southend, the most common (28.2%) was for long-term support. This compares to 12.4% of for the East of England, and 17.7% nationally.

**Supply in 65+ care home market:**

- High number of residential care homes (according to CQC data almost double the average across other similar Local Authorities in England) that are of average quality.
- Low supply of specialist home care, extra care and reablement, which leads to further placements made into residential care, where individuals could have remained at home for longer.
- Supply has dropped since March 2020; with 10 Care Homes closures accounting for 325 care beds. Vacancies/low occupancy was a contributing factor to their closure. We have noted an increase in Southend care homes applying for planning permission to change their building type to housing, flats, or other types of accommodation.

**Diversity**

49 care homes in total meet the scope of the Fair Cost of Care exercise (8 providing Care with Nursing). There is a high supply of 'medium' sized Care Homes, with a shortage of both small and large. Shown in comparison to Regional/National data:

Size of Care Homes	Small (1-10 Bed/s)	Medium (11-49 Beds)	Large (50+ Beds)
Southend-on-Sea	6%	86%	8%
East of England	31%	45%	24%
National	31%	49%	21%

### Quality

Care Homes with Nursing in Southend performed worse than average across the five CQC domains of Caring, Effective, Responsive Safe and Well-led in comparison to National statistics and services located elsewhere in the East of England; whilst Care Homes without Nursing in Southend performed slightly better. Of the 10 Care homes that closed since 2020, concerns regarding quality were a direct contributing factor in 4 homes, and another was closed due to safety concerns.

In October 2022 the quality of the care home market in Southend-on-Sea was below average compared to Local Authorities in the East of England, with a higher % of providers 'requiring improvement' however, this has changed following refreshed data as of 1<sup>st</sup> March 2023, suggesting an improvement in quality – however the percentage of low rated services is still slightly higher than the national average.

#### Older Peoples Care Homes Quality Comparison as of 1<sup>st</sup> March 2023

Local Authority or Grouping	% CQC Rated 'Outstanding' or 'Good'	% CQC Rated 'Requires Improvement' or 'Inadequate'
Southend-on-Sea	80%	20%
Unitary Authorities (East Region)	80%	20%
East Region	79%	21%
<b>National / Average</b>	<b>81%</b>	<b>19%</b>

### Fee Rates

The current standard fee rate for Residential and Nursing services in Southend-on-Sea for 2022/23 is £576.45, compared to the 'Fair Cost of Care' (FCC) rate of £725.02 per week. Services are commissioned and contracted via formal tender process, which includes commissioning of spot placements.

As set out in the published Annex B report for Care Homes - The Council cannot take full confidence in the accuracy of the results of this exercise or the FCC rates in this report due to the low response rate, as this is an incomplete dataset from the care home market. In addition to this, whilst efforts were taken to ensure that care providers felt their reported figures were correct, there will need to be more robust evidence to confirm that the actual costs reported by providers are accurate. The Council will need to review this data and collect further evidence to build upon this dataset in future exercises.

The Council have reviewed the inflationary pressures for 2023/24, taking into account National Living Wage increases and Bank of England inflationary predictions at the time of budget setting. The costs of providing social care are increasing and leading to significant pressure on Council budgets. Planned fee increases for Care Homes are set out in 'Section 3'.

### Workforce

- Skills for Care data shows that in Southend-on-Sea in 2021/22:
- Care Worker hourly rates in independent Care Homes without Nursing in Southend were £9.35 per hour, £0.44 higher than the national living wage of £8.91 per hour.

- The turnover rate in 2021/22 for Care Home Care Workers was 38.2%, higher than the national turnover rate of 28.8%.
- The vacancy rate was 6.1% which was lower compared to 7.7% nationally. Vacancy and turnover trends have increased at national and regional levels since March 2021.

Feedback from care providers is that they are struggling to recruit and retain staff, in particular nurses or carers, contributing to 2 home closures that have closed since 2020.

### **Capacity**

Despite the high supply of care home beds, we face challenges making placements locally. This is because some of our directly neighbouring authorities (or other out of area local authorities i.e., London Borough Councils) have higher fee rates, in some cases making placements from out of area more financially beneficial. For example, of the 470 care home residents covered by the responses to the Southend cost of care exercise, only 124 (26%) of those were Southend-on-Sea City Council funded clients – which follows a similar pattern across the Southend market.

### **Feedback**

The Council has engaged with Care Providers through forums and through individual 1-1 discussions during 2022, the full process of engagement for the Fair Cost of Care exercise was detailed in the Annex B report. Key themes of feedback highlight that providers feel the rate paid is too low and that recruitment and retention of staff is challenging. There are concerns about job competition with retail and delivery sectors, as well as lack of opportunities to develop in career, or through better training.

Following earlier engagement with care providers regarding market shaping and sustainability planning, further workshops were held, virtually on 25<sup>th</sup> January 2023, and in person on 9<sup>th</sup> February 2023 that home care and residential providers were invited to. Here the Council presented findings of the Fair Cost of Care exercise and asked providers for feedback regarding its Market Sustainability Planning – which reflected the concerns raised in earlier sessions mentioned above.

### **Sustainability**

Based on the above, the sustainability of the Older People's (65+) Care Home Market in Southend-on Sea is severely challenged. It is unlikely that the Council can sustain the current level of Care Homes without transformation of the market and additional funding to help address these challenges.

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

### **Supply**

Southend-on-Sea City Council purchases approximately 540,000 hours of home care per year and there are 49 Home Care (18+) providers that operate locally. Supply has been challenged by both provider failures and suspensions, though has seen improvement in late 2022.

In Southend-on-Sea, Home Care is primarily made up of agencies providing standard personal care services to both LA funded and privately funded residents. There is a limited use of assistive technology to modernise support offers.

As of 20<sup>th</sup> March 2023 there was a 75% reduction in the number of people on a wait list for Home Care compared to the previous year, indicating an increase in available market capacity.

### **Quality**

The quality of the home care market in Southend-on-Sea is below average in comparison to Local Authorities nationally and in the East of England.

**Home Care (18+) Quality Comparison as of 1<sup>st</sup> March 2023**

Level	% CQC Rated 'Outstanding or Good'	% CQC Rated 'Requires Improvement' or 'Inadequate'
Southend-on-Sea	79%	21%
Unitary Authorities (East)	83%	17%
East Region	87%	13%
National	86%	14%

**Fee Rates**

The current standard fee rate for Home Care is £19.00 per hour in 2022/23, compared to the Fair Cost of Care rate of £22.73 (19.6% higher).

As set out in the published Annex B report for Home Care - the Council cannot take full confidence in the accuracy of the results of this exercise or the FCC rates in this report due to the low response rate, as this is an incomplete dataset from the home care market. In addition to this, whilst efforts were taken to ensure that care providers felt their reported figures were correct, there will need to be more robust evidence to confirm that the actual costs reported by providers are accurate. The Council will need to review this data and collect further evidence to build upon this dataset in future exercises.

Some local home care providers have in past refused to work with the Council stating that our fee rates are too low. Planned fee increases for Home Care in 2023/24 are set out in 'Section 3'.

Data gathered from 25 Southend-on-Sea home care providers in March 2022 found in 2021/22 that the median hourly rate paid to care workers was £9.50, £0.59 above the National Living Wage of £8.91.

Following the 14.73% uplift of the home care rate from £16.56 to £19.00 for the financial year 2022-23 (utilising the grant fund from DHSC), the same providers showed that the new median hourly rate paid to care workers would be £10.50, £1.00 above the National Living Wage £9.50 (rather than £0.59 above in the year before).

Following this increase to the home care fee rate, further providers have come forward to work with Southend-on-Sea City Council and subsequently this has improved available capacity, evidencing the benefits of investing into the fee rate.

**Workforce**

Feedback from home care providers in 2022 was that they were struggling to recruit and retain staff, for the following reasons:

- Pay for care workers, due to Local Authority Fee Rate being low.
- Lack of candidates that could drive.
- Lack of interest or perceived development opportunities in the career.
- Highly competitive hourly pay rates from retail or delivery job sectors that are more attractive

According to Skills for Care data, in 2021/22 there was a 24.4% vacancy rate for Non-Residential independent Care Workers (primarily Home Care or Supported Living Agency Workers) and a 72.3% turnover rate. Both are significantly higher than the national average vacancy rate (13.2%) and turnover rate (31.9%). This suggests Home Care agencies in

Southend-on-Sea are facing major challenges in the recruitment and retention of staff, more so than care homes.

The 2021/22 Skills for Care data would indicate an impact on capacity, however this does not fully reflect the position in March 2023. Some providers have had success recruiting from overseas, whilst other providers have had more capacity or willingness to take on further care packages, leading to reductions in waiting lists.

### **Capacity**

One of the key issues in the winter of 2021/22 was the volume of care packages being handed back due to relationship breakdown where a provider refuses to continue providing care to an individual and hands the responsibility back to the Council. Due to capacity issues, finding an alternative care provider to pick up the care package was challenging and could often result in additional cost to the Council through emergency placements.

During the following winter, in 2022/23, the Council implemented a process whereby (depending on level of risk/safeguarding) the care provider will meet with the client, family, social worker, and a brokerage officer to look at developing a short plan of understanding and improvement in efforts to resolve issues rather than move to a new agency. This activity provided the following benefits:

- Develops understanding on all sides
- Enhances a care plan
- Supports communication
- Prevents escalation to hand-back or safeguarding concerns
- Offers reassurance
- Provides a monitoring process

We have seen a high success rate in stabilising individual packages, and enhancing the quality of care a person receives, reducing care package hand backs during October 2023 to March 2023. The Council are exploring how this work could be developed into a dedicated 'navigator' role.

### **Feedback**

The Council has engaged with Care Providers through forums and through individual 1-1 discussions during 2022, the full process of engagement for the Fair Cost of Care exercise was detailed in the Annex B report. Key themes of feedback highlight that providers feel the rate paid is too low and that recruitment and retention of staff is challenging. There are concerns about job competition with retail and delivery sectors, as well as lack of opportunities to develop in career, through better training.

Following earlier engagement with care providers regarding market shaping and sustainability planning, further workshops were held, virtually on 25<sup>th</sup> January 2023, and in person on 9<sup>th</sup> February 2023 that home care and residential providers were invited to. Here the Council presented findings of the Fair Cost of Care exercise and asked providers for feedback regarding its Market Sustainability Planning – which reflected the concerns raised in earlier sessions mentioned above.

To support its ambitions regarding Home Care, the Council is working closely with home care providers through a series of workshops and open discussions from January to May 2023 as it explores challenges that they face in working in Southend-on-Sea. This engagement supports market shaping and commissioning design, including informing any potential tender of home care framework contract, key topics explored include:

- Finance, Monitoring and Transparency - Discussions about ensuring best value for public money, understanding provider costs e.g. open book accounts, on-costs, overheads, as well as methods of payment and monitoring
- Innovation in Home Care - Exploring new technologies or alternative approaches to improve current aspects of delivery, e.g., assistive technology or software, and opportunities for 'test and learn'
- Service Delivery Model - Different models of delivery: what kind of care is delivered; welfare visits for example shopping. Where are we now and where do we want to be?
- Time and Task vs. Outcomes – How do we measure outcomes? Key Performance Indicators, Targets, Electronic Call Monitoring, Developmental service models

### **Sustainability**

Based on a review of supply, demand, quality, diversity, cost challenges and workforce pressures, the sustainability of the Home Care (18+) Market in Southend-on Sea is challenged, though has improved since severe challenges experienced in 2022 (primarily around winter 2021-22). Changes to fee rates set out in Section 3 are anticipated to partially support pressures on providers. It remains unlikely that the Council can meet growing demand over coming years, without continued investment into the market and additional funding to support addressing these challenges.

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

Despite delayed reform, various challenges over the next few years will place additional pressure on local care providers and the health and social care system, including but not limited to; workforce shortages, rising costs of energy, gas and insurance, fluctuations in the price of petrol and supply of common goods, alongside inflation and increases to national living wage.

#### Self Funders and Delayed Charging Reform

- Prior to delayed reform Southend City Council estimated that in 2023/24 that self-funder demand for assessment and setting up of Care Accounts would be in the region of 500 to 700 for 65+ care homes and around 300 for 18+ domiciliary care. If all self-funders with domiciliary care services had requested, under section 18(3), that the council re-broker their care from October 2023 then the impact of disparity in council care rates to private rates would be felt on the provider side as well as the additional demand on brokerage and commissioning services within the council.
- If section 18(3) applied, it is reasonable to assume that the majority, (around 500), of those in care homes would request the council meet their needs as soon as they possibly can if Council rates are lower than their current rates. As well as the impact on care home finances and viability, funding for the Council to cover any new demand for staff and the incremental impact of the cap and the means test changes is a major concern for the council – however since the delay it is not certain whether these impacts will be realised.

#### Fee Rates

- If the council were required to move to the Fair Cost of Care rates identified in the survey exercise, this would place significant financial pressure on the Council's adult social care spend, as implementing these rates would cost at least £10.5million in the first year. As further evidence is gathered, the Council may find average cost of care fee rates are higher or lower, but if found to be the same or higher, this sustained pressure on the Councils budgets would place the Local Authority at a large financial risk, unless further funding for Adult Social Care were announced.

- Significant pressure is already placed on the authority to uplift fee rates, in addition to considering the published fair cost of care rates. Some care providers will likely be unhappy with the decision not to pay these rates immediately or any rate that the Council pay that is less than the Fair Cost of Care rates published in the Annex B Cost of Care Reports. This could also impact outcomes for residents locally if this harms negotiation or placement of people into care or affects continuity of care.
- Higher rates paid by other Local Authorities could decrease availability of places for Southend. Already between 60-70% of places in Southend are made either by self-funders or other Local Authorities.

#### Funding and Market pressures

- Short-term, nonrecurrent funding from partners to support social care can be challenging to deploy in ways which support longer term market shaping objectives (for example that of growing workforce and supply of good or outstanding provision). Sustainable, long-term investment is required to ensure that our health and social care pathways, infrastructure and commissioned services support the need across Southend-on-Sea
- If inflation continued as it has in the last year and does not drop despite predictions, the Council may be placed at large financial risk in attempting to adjust fee rates accordingly, especially if this is combined with large increases to National Living Wage, significant increases in the price of certain goods or services, or surges in demand.

#### Future Demand for Extra Care Housing, Care Homes and Nursing Care

In April 2022 the Housing Learning & Improvement Network (LIN) presented a report that estimated future demand for Older Peoples Housing, following a brief from Southend-on-Sea to undertake an Older People's Housing Needs Assessment, which included:

- A demographic analysis of the older population in Southend-on-Sea, and the scale and pace of the changes in the 55+ population to 2040
- Local circumstances and factors relevant to the housing and accommodation needs of older people including social care and health factors, tenure make up of older households, and relative deprivation.
- The existing supply of specialist housing and accommodation for older people in Southend-on-Sea including comparison with equivalent provision in comparator local authorities
- The findings of research with 270 older people in Southend-on-Sea regarding their housing and accommodation needs and preferences.
- Estimated need for housing and accommodation for older people, taking account of the demographic analysis and trends, relevant local circumstances and local policy, and findings from the research with local older people.
- A review of national evidence and good practice in relation to housing and accommodation for older people.

The report presented the following findings:

- Housing with care (extra care housing) - The estimated housing with care net need to 2040 is c.450 units of which c.140 is for social/affordable rent and c.310 is for sale. This will meet the housing and care needs of older people who are self-funders as well as older people who need rented accommodation and may be eligible for care funding from the Council. This need could be met in part through mixed tenure development of extra care housing.

- Residential care - The estimated net need for residential care to 2040 is c.-430 bedspaces, i.e. there is estimated to be a significant oversupply of residential care beds currently and no further supply is considered to be needed.
- Nursing care - The estimated net need for nursing care to 2033 is c.370 bedspaces. This reflects the growth in the 75+ household population to 2040 (47%) and the projected increase in complex care needs amongst this population, including a projected increase in the number of older people living with dementia related needs.

This supports views in the Council's Adult Social Care Market Position Statement that there is a need to significantly increase supply of Extra Care Housing, increase supply of care at home alternatives, and a low demand for further Residential Care beds – providing the available supply is high quality and accessible for Southend residents.

#### Adults of Working Age

We recommend referring to the Council's currently published Market Position Statement for our latest insights into provision for Adults of Working Age outside of scope of this exercise (e.g. Learning Disabilities, Mental Health etc.). At the moment we are considering the wider market that provide services to Adults of Working Age, particularly Supported Living, with intention to go out to the market with a new framework.

#### Direct Payments

Direct payments, and market options used in Southend-on-Sea direct payments, are little different to our managed service market, except for the addition of personal assistants. Often utilising the same provider as managed services, which can cause challenges for commissioners, especially where commissioned blocks are in place, which can result in double payments. Internal policy and process in Southend needs to be further defined and developed to address this. The proposed recommendations below are steps to address some of the concerns raised:

- Extension of the existing direct payment support contract with a variation covering 6 months, which asks for service exploration and development of the existing model based on feedback from Clients, PA's and Providers paid via the service provider. Including how the personal assistance market can be further enhanced and developed across all client groups.
- Formation of a coproduction group to enable more effective direct payment support service as we approach a possible retender of the direct payment support service and to consider how individual service funds can be approached. To also consider Southend's service against the Think Local Act Personal (TLAP) and the Social Care Institute for Excellence (SCIE) key issues and priorities and to work with adult social care teams to address any concerns.
- Further conversations with those who currently use direct payments both under self-directed and through Vibrance as well as with the current provider market to explore how we can expand the scope, range and creativity of provision / menu of services in Southend to better include universal services, voluntary community sector, social enterprises, and personal assistance.
- Defined internal policy & process for applying and setting direct payments (including transport allocations) to identify where direct payments should be used as opposed to managed services, and how these are transparent and fairly calculated.

#### Hospital Discharge

During early 2022, Mid and South Essex NHS Foundation Trust (MSEFT) and Southend City Council (SCC) were in an unsustainable position with regards to the management of hospital discharges. There was a consistently high and growing number of patients delayed in hospital, awaiting care for more than 24 hours. Through joint agreement SCC, and Mid



and South Essex Integrated Care System (MSEICS), a pilot project called “Southend Enhanced Discharge Service”, known as “SEDs”.

The aim of the service is to provide short-term, wrap around care and therapy for up to 14 days post discharge fully aligned to the principles of Discharge to Assess (D2A). It provides an interim care service for people following their return home from hospital to meet individual support needs and re-establish independence, before a longer-term Reablement or Domiciliary Home Care service is established.

Through SEDs, thorough assessments are now completed enabling the best onward pathway on discharge of the service.

General feedback on the success of SEDs in late 2022:

- SEDs has taken pressure off Adult Social Care, both in the operational teams and in the Brokerage Team, since the SEDs team take responsibility for resolving early issues in discharge.
- SEDs has realigned Adult Social Care on the D2A pathway, with the Integrated Discharge Teams undertaking all the assessments.
- Information sharing agreement in place, enabling all partners to access the social care system
- Those involved in SEDs are working in a flexible collaborative way to try and streamline the processes and create efficiencies, with shared team ethics and values
- There is early intervention and therapy input, offering a wrap-around service.
- Patient flow through Adult Social Care has been smoother, relieving some system wide pressures.
- SEDs continues to support or care for patients in their own home.
- The assessment tools work well
- There have been positive outcomes for adults using the service - a much smoother journey

A higher proportion of people are referred to reablement, ensuring that their recovery is more holistic.

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

The Council published three long term strategies in 2022 (covering 2022-2027), following consultation and coproduction with residents to inform its commissioning, planning and delivery of Adult Social Care. Alongside the ambitions of these strategies, supply, demand and market sustainability are regularly reviewed in addition to local data – see the [Adult Social Care JSNA - Southend-on-Sea City Council](#)

The Council continues to explore market shaping activity it can undertake to address identified sustainability issues, including but not limited to:

- Investment in Home Care, planning retender for spot and block contracted provision
- Encouraging development of Extra Care to meet needs. Social care and commissioning are working with Housing colleagues to identify opportunities for further development. i.e. new builds
- Offering tailored support to Care Providers with their workforce and business, for better resident outcomes, commercial performance and quality of services
- Launch of new Care Provider Hub website, with the latest guidance, strategy, policy, news and events to support engagement with the care market

- Refresh and review of annual plans and strategies across Adult and Childrens social care
- A 50% increase in the number of Residential Care Providers with an up to date quality assessment through the PAMMS tool
- Embedded contract management framework across adults, children and public health

The **Ageing Well Strategy** considers the needs of people as they get older. The Strategy does not limit its ambition to an arbitrary age, but instead aims to create an environment and community that embraces ageing and allows people of all ages to live well together in Southend.

Our priorities for action are:

- Outdoor spaces and buildings – carry out an audit of public buildings with a view to recommending improvements
- Transport – carry out a review of transport availability and options for older people to create community focused solutions.
- Housing – encompassing a number of actions, with the aim of moving away from an over reliance on residential and nursing care, considering what other options are available and developing a business case for investment.
- Social Participation – connecting active participants in the community with older people living on their own.
- Respect and social isolation – promote intergenerational understanding and respect
- Civic participation and employment – work with existing voluntary, community, and social enterprise sector in Southend to coordinate a volunteering bureau.
- Communication and information – Creating a streamlined offer for Information, Advice and Guidance (IAG)
- Community support & health and social care services – Increase investment in prevention and early intervention to promote better outcomes for older people.

The **Living Well Strategy** is aimed at individuals of working age who are eligible for support through Adult Social Care. This includes people with Learning Disabilities, Mental Health problems and/or physical and sensory difficulties.

Our priorities for action are:

- Health and Wellbeing – providing individuals with the support they need to ensure good health and well-being
- Prevention – revisit traditional support to provide more accessible advice and services in the community.
- Housing – delivering health, care and housing in a more joined up way to ensure suitable housing is available with the right level of support.
- Community – reducing social isolation to help improve mental and physical health for people with disabilities.
- Integrated, strengths based person-centred care – putting people and their support networks at the centre of their health and social care.

The **Caring Well Strategy** sets out the commitment from both Southend Council and the NHS to describe the key priorities that carers and people they care for have told us are most important to them together.

Our priorities for action are:

- Identifying, respecting and valuing carers – Helping to identify carers and encouraging them to come forward and self-identify as a carer.
- Information and support – improving access to accurate information that is consistently communicated.
- Carer's voice, knowledge and understanding – understanding the needs of carers and how best they can be supported.
- Assessing carers needs – raise awareness of the purpose of carers assessments.

- Maintaining balance – helping carers to find the right balance in their lives.
- Helping carers stay in, enter or return to work, education or training – providing tailored advice about balancing work, education or training with caring.
- Prepared for changes – improve transition arrangements and supporting carers to develop plans.
- Integration and partnership – working with system partners across Mid and South Essex to ensure that carers support is as joined up as possible, ensuring a consistent offer.

### **Equipment, Assistive Technology and DFG Review**

To support our aims regarding better utilisation of Equipment, Assistive Technology and Disabled Facilities Grant funding, the Council is undertaking a review that seeks to explore:

- the identification and use of assistive technology and digital solutions to aid individuals to maximise their independence at an earlier stage of the social care journey.
- Service models for DFG and equipment delivery
- Financial efficiency in equipment purchasing
- Early engagement, a front door digital approach for all residents or their carers needing social care advice.
- Self-assessments (partial) where prompts and information can be shared in regards available tools and resources.
- Embedding of technology, equipment, aids and adaptations into care assessments and future commissioning of services for residents of all ages.

This review is set to complete in Summer 2023, with options or recommendations reviewed and implemented by Winter 2023.

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

#### **2022/23 Funding Approach**

Of the £556,200 *Fair Cost of Care and Market Sustainability Grant* in 2022-2023 17% of the grant was used to uplift the Care Home rates, increasing fee rates by 7.05%.

#### **2023/24 and future years approach**

Of the *Fair Cost of Care and Market Sustainability Grant* in 2023/24, all funding was used to directly support fee increases to fee rates. Following the Council's Annual Price Review Process, the fee rate for standard residential placements will be uplifted by 9.7% from £576.45 to £632.38 per week, effective 10<sup>th</sup> April 2023.

#### **Future approach to the Fair Cost of Care (FCC) Rates**

The Council will not uplift its fee rates to the FCC rates but will commit to fully pass on all funding from the DHSC for this purpose to increase fee rates toward FCC rates where stronger evidence supports this. The exact allocation of funding to move toward the FCC rates depends on the announcement of any further allocated funding from DHSC and the duration of this additional funding.

The Council commits to reviewing its fee rates and price review process annually, with the priority being to recognise inflationary pressures and continue to collect cost of care evidence, then utilising DHSC funding to move closer to the FCC rate and making further investment where evidence supports this.

The Council recognise the cost of care exercise and FCC rates as a useful but incomplete dataset, with the ambition of gathering further evidence from providers to build a case for Council investment into these areas to ensure sustainable fee rates.

The Council will aim to use the same (or similar) Care Home Cost of Care tool that it used for the Fair Cost of Care exercise in 2022 as a template for annual price reviews in future years, depending on the availability of the tool (which is uncertain as it is hosted online).

#### **Further Actions to support Market Sustainability**

Market transformation must be a shared responsibility with care providers. We need to transform our current residential care market by improving quality and reducing the supply of traditional residential care beds to instead cater to those with higher needs, whilst utilising alternative supply i.e. home care.

The gap between the current rate and FCC rate might contribute to the quality and sustainability challenges for some providers, but with a low sample rate may not be a true reflection of costs experienced by all providers. Therefore, over the next three years, we will prioritise:

- Rather than blanket uplifts to rates which increases the gap between the lowest and highest paid fee rates, there is a need to address fee rate disparity through careful review of individual fee rates, particularly in Adults of Working Age provision where care is typically more variable or more tailored to each individuals need.
- A Workforce Strategy to enable staff development and retention
- Working with Providers to improve quality and CQC ratings with dedicated support from Council quality officers
- Work with providers to increase the use of assisted technology
- Working closely with neighbouring authorities to collaborate on regional pressures
- Review of contracts with a view to retendering

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

##### **2022/23 Funding Approach**

Of the £556,200 *Fair Cost of Care and Market Sustainability Grant 2022/23* 80% of the grant was used to uplift the Home Care rates, increasing fee rates by 14.73%. This reflects the need to increase Home Care supply.

##### **2023/24 Funding and Fee Rates**

Of the *Fair Cost of Care and Market Sustainability Grant* in 2023/24, all funding was used to directly support fee increases to fee rates. Following the Councils Annual Price Review Process, the fee rate for home care will be uplifted by 9.7% from £19.00 to £20.84 per hour, effective 10<sup>th</sup> April 2023.

At present Southend City Council do not have a consistent process to pay home care providers for the support they are delivering in 2022/23. We currently use a combination of paying for 'commissioned hours' where we pay for a set period (i.e., a 30-minute package of care); and using an electronic call monitoring (ECM) system where we pay for actual minutes of support delivered against set time bandings.

This means that in some instances we are paying for support that isn't being delivered (i.e., where we pay for a 45-minute package of care, but only 30 minutes of support is provided); and this places an unfair disadvantage on the providers that are paid only for the support they deliver. A new council charging policy for full cost recovery is due to come into effect that will impact how clients are charged under each of the processes, as those receiving care from providers not paid by actuals would then be paying for support that hasn't been delivered. We want to ensure that we have an equitable process for paying providers and for charging clients. Therefore, from 10<sup>th</sup> April 2023, all Home Care providers will be paid via time bandings based on actual minutes of care delivered.

Following a review of the payment process it was clear that the current fee rate and time bandings presented a challenge for care providers when paying their care workers for their travel costs. This is because there is a greater cost to providing short visits, e.g. two 30-minute visits versus one 60-minute visit, as the care worker must travel in between each visit to another client's home. However currently providers are paid the same amount in both instances due to the way the payments are weighted. Regardless of this, providers are expected to utilise the total income received from the Council's fee rate to fairly pay all staff and account for back-office costs as well as other costs of running a business, including an allowance for Return on Operations or profit.

The Council have been clear with providers that they must pay their staff for all their time spent working, including travel time as well as providing personal care, in accordance with UK employment laws.

The Council have calculated new time banding payments that are weighted with an allowance for travel cost by utilising local data regarding average travel times and costs for Southend providers.

These fee bandings will be implemented for all providers, alongside the requirement for providers to report actual visit durations to the Council via a compatible method, to achieve the following:

- clearly account for travel costs with proportionately increased payments for time bandings
- provide a more sustainable income for all home care providers based on actual hours of care delivered
- address the inequities in how providers are currently paid and monitored

### **Future approach to the Fair Cost of Care (FCC) Rates**

The Council will not uplift its fee rates to the FCC rates but will commit to fully pass on all funding from the DHSC for this purpose to increase fee rates toward FCC rates where stronger evidence supports this. The exact allocation of funding to move toward the FCC rates depends on the announcement of any further allocated funding from DHSC and the duration of this additional funding.

The Council commits to reviewing its fee rates and price review process annually, with the priority being to recognise inflationary pressures and continue to collect cost of care evidence, then utilising DHSC funding to move closer to the FCC rate and making further investment where evidence supports this.

The Council recognise the cost of care exercise and FCC rates as a useful but incomplete dataset, with the ambition of gathering further evidence from providers to build a case for Council investment into these areas to ensure sustainable fee rates.

The Council will continue to use the Home Care Cost of Care tool that it used for the Fair Cost of Care exercise in 2022, as a template for price reviews in future years.

### **Further Actions to support Market Sustainability**

Over the next three years, we will prioritise:

- A Workforce Strategy to enable staff development and retention
- Increasing the quantity and capacity of the home care providers with targeted support
- Work with providers to increase the use of assisted technology.
- Review of the current contracts, with a view to retendering