

Annex C: market sustainability plan

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

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

The proportion of 65+ people with needs met by residential care or nursing is high in Barnsley; 789 compared to 584 nationally per 100,000 population.

Barnsley has generally had an oversupply of residential beds within the market, with current occupancy rates averaging around 71% during 2021/22.

There are currently 32 providers and 43 older people's care homes operating across the borough, providing 1,870 beds. Of these homes, six are registered to deliver nursing care.

As a result of the pandemic, both commissioners and providers acknowledge a need to take action to ensure the long-term financial viability of the care home market in Barnsley. The aim is to increase occupancy levels in care homes to around 90% through the reduction in overall bed numbers.

Barnsley, in the main, is supported by homes offering 'good' support, as rated by the Care Quality Commission (CQC). However, there are a number of homes rated 'inadequate' or 'requires improvement'.

A number of these homes also suffer low occupancy levels. This group of providers will be a key focus for discussions on rebalancing bed numbers in Barnsley.

In the past twelve months, there has been a slight increase in the homes rated 'good' compared to the previous twelve months. Currently, 29 providers are rated 'good' and two 'outstanding', leaving thirteen as 'requires improvement'.

Occupancy levels in care homes remain stable. Some homes are boosted by the need to place people with them to support hospital discharges. However, Barnsley still has a surplus of residential care beds.

Barnsley has 35 care homes registered with the CQC to provide dementia care. However, only seven self-describe as EMI.

As of April 2021, the council had 442 people in residential care with a recorded status of dementia.

A number of providers are requesting additional one-to-one support for people they are struggling to care for. We will work with providers to better understand and develop the offer around residential support for dementia and a higher level of needs.

Barnsley currently hosts four schemes designed to offer extra care. However, until recently, none of the schemes included on-site care arrangements.

A 24-hour model of wellbeing and care was awarded to a single provider operating at two of our extra care schemes in April 2021. The council will consider the option of extending this model.

Barnsley has implemented an enhanced fee to providers willing to pay staff £1 above the National Living Wage (NLW). Until recently, this helped maintain recruitment across residential care but has seen less impact recently due to other sectors (e.g. retail) offering better pay.

In 2022/23, the council awarded a 10.6% increase in residential care fees to address providers' concerns regarding sustainability (to recognise pressures post-pandemic in the cost of delivering care) and cost elements within the council's care cost model that were perceived as not reflective of market costs. Through the higher fees, the council directly

Annex C: market sustainability plan

passed onto providers the full allocation of the Market Sustainability Grant (£835,000) to partly address the anticipated gap expected from the fair cost of care exercise.

During 2022/23, a number of providers contacted the council with concerns about their financial sustainability. The cap on energy costs came at a vital point for some providers who have been able to continue to operate.

To date, only one home has closed during 2022/23, due to quality concerns and organisational safeguarding, not financial sustainability. Providers have continued to struggle to recruit to ensure they have sufficient staffing numbers to support people safely, which we believe has led to an increase in safeguarding referrals.

As a result of flow and capacity pressures related to hospital discharges and funding awarded to each place, the residential market has been artificially supported around occupancy levels. Some of the homes with the lowest occupancy levels have found themselves being used extensively to support hospital discharges. This has complicated the picture of the current market, given the short-term nature of the current approach, and will need to be managed with providers.

The delay in the funding reform proposals has had a limited effect on the market. The council believe this may, in part, be due to the local use of top-ups by providers, which has supported them to continue to charge higher rates. However, further exploration of this approach is required to better understand how this is being used and ensure it is not used to pay for the cost of care.

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

At the start of 2022, four providers were operating under the framework contract. However, with the significant increase in demands for home care, the council has entered into spot contract arrangements with other homecare providers operating in Barnsley.

The number of spot-contracted providers picking up homecare packages to support capacity has increased by 104%, from 21 providers (May 2021) to 43 in July 2022.

During 2022/23, the council moved from a framework contract with only four providers to an open framework contract that now has 50 providers registered.

The council continues to promote a shift away from residential care, leading to a sustained increase in demand for homecare services and a matched decrease in the number of people supported in residential care.

Workforce challenges have been adversely affecting capacity in the homecare sector, which has led to unallocated packages of care over the last six months and short-term residential care being offered. However, this situation has dramatically improved in the past three months.

Currently, the council is in a fortunate position where there are no delays to people requiring homecare support due to the number of providers registered on the framework contract. The brokerage team receive multiple responses from providers to referrals.

As part of this, the council continues to develop and build its reablement model. During 2022, the council extended the reablement offer so that anyone had a period of reablement support before any long-term offer of support.

This was adopted as part of the council's broader demand management approach and has reduced the number of people needing long-term support. There are vacancies within

Annex C: market sustainability plan

the reablement team that we will continue to recruit into, but this reflects the general challenges to recruiting in this sector.

The increased number of providers will increase concerns around performance, quality and general oversight. The use of spot provision has increased the risks around safeguarding concerns with some providers when issues have been identified. With more providers within the contractual model, we will have greater oversight of how providers are supporting people. The capacity to do this will need to be reviewed and a proportionate approach taken given the large number of providers

Workforce challenges are the most significant risk to sustained delivery of homecare. However, as a result of the new framework model, a number of new providers have declared an ability to offer support across Barnsley. Although we have no unallocated cases currently due to providers having additional capacity, it is unlikely to be a long-term position as providers will move capacity to other areas where they can be allocated work, so the council will need to manage and balance demand and capacity across Barnsley.

Low wages

Providers operating under the council's framework contract have committed to paying their staff £1 above the NLW. In December 2021, a further uplift was awarded to providers to bring forward the NLW uplift expected from April 2022.

As per residential care, funding reforms budgets were used to support above-inflation fee increases for 2022/23. People also report a lack of career opportunities. Other sectors can offer better pay, defined contracted hours and less responsibility and are a more attractive alternative to working in homecare.

The winter discharge funding was used to support providers in retaining and increasing capacity. They managed to do this through various incentive payments or the use of drivers to support staff unable to drive.

Training and development

There continues to be a need for more investment in the training and development of workers, with no defined career pathways into health and social care.

Business continuity/winter planning

Care providers can be reluctant to take on new packages of care as this limits their flexibility to use existing staff to cover absences. However, this trend has been partly mitigated through the use of winter discharge funding, which has supported them in building additional capacity.

The delay of funding reforms has had a limited impact on the homecare market in Barnsley. However, with the introduction of the new framework, contract providers have been keen to secure a position, knowing that this will be the first point for all referrals.

As per the residential sector, Barnsley has always required providers to pay staff £1 above NLW. This continues to help providers recruit compared to other areas, but increasingly other areas adopt this approach, so the impact will start to diminish.

Section 2: Assessment of the impact of future market changes (including funding reform) over the next one to three years for each of the service markets

Annex C: market sustainability plan

Following engagement with providers in Barnsley, we believe there are approximately 800 to 1,000 people currently funding their own care and support who would potentially meet the eligibility criteria under the Care Act. This is evenly split between residential and community-based support and represents around 40% of the demand.

People funding their own care can already ask the council to manage their care for them, but have to pay an administration fee on top of the care costs.

Barnsley already has a surplus of residential care beds and reasonable provision of nursing care beds. Therefore, the changes are unlikely to impact on the availability of beds.

The council will seek to discuss commissioning approaches and fees with regional neighbours to avoid one area experiencing significant increases in demand due to varying fees and an area becoming attractive for self-funders.

In the past, Barnsley had waiting lists for people requiring domiciliary care. At its peak, this was as high as 110 people over the last winter period due to the impact of the pandemic. This has subsequently been removed with the new framework contract. There remains a concern around the long-term ability to maintain capacity in domiciliary care due to pay, terms and conditions. The council will continue to work with providers to maximise recruitment into the sector to build the required capacity.

Additionally, we will work to identify other ways of supporting people by identifying community assets and creating new community capacity. For example, involving people who pay for their own care in these arrangements will support sustainability and promote choice and control.

We will also explore with providers how using digital solutions or other assistive technology options can improve how support is delivered and reduce capacity requirements around double-handed care.

Section 3: Plans for each market to address the sustainability issues identified, including how fair cost of care funding will be used to address these issues over the next one to three years

(a) 65+ care homes market

Our commissioning approach to residential care focuses on three themes:

- Sufficiency – having a diverse range of good quality provision.
- Quality – support meets the standards we expect, is safe and well-led.
- Value for money – having the right balance between cost and quality.

Barnsley's population is growing and ageing. The borough is projected to be home to 262,376 people in 2030, and nearly a quarter (23%) of these residents will be over 65 (60,471 residents).

2,283 people were receiving Barnsley Council funded LTS as of the end of January 2023. Of those:

- 703 were in residential placements.

Annex C: market sustainability plan

- 889 were using homecare services.

There are a number of factors that will influence the levels and nature of future demand for older people's care homes:

- Our "Home First" approach.
- More people living longer, with more complex needs.
- Impact of social care reforms.

The Adult Social Care use of resources report for 2020/21 shows that Barnsley's spend per adult across short- and long-term care is relatively low ranked 148 out of 151 councils. Similarly, Barnsley ranks 131 out of 151 local authorities when looking at spend for adults aged 65+.

Where long-term support to people aged 65+ is provided, Barnsley remains more likely than most to meet that need with residential and nursing care homes. However, Barnsley ranks 17 out of 151 local authorities in this regard.

Sufficiency

Barnsley has more care home beds than it uses, with a current occupancy rate of approximately 80%⁶. Whilst used capacity over the last twelve months has increased from a low of ~70% during the pandemic, this is still lower than we would like, and compares to an occupancy rate of ~85% regionally and nationally. Low occupancy rates are more likely to lead to provider failure due to financial instability.

Quality

31 homes, with 1,377 beds, are rated as 'good' or 'outstanding' by the CQC, including three homes that have not yet been inspected under new ownership but were previously rated as 'good'. 14 homes, with 630 beds, are rated as 'requires improvement'.

Of the nursing homes in the borough, three are rated as 'good', and three are rated as 'requires improvement'.

Value for money

We have operated a costing model for residential care for a number of years, increasing fees last year by 10.6% to support providers to offer good quality care and employ and pay staff above the NLW.

We have engaged with providers around the cost of care in fee-setting discussions. The council had some concerns around elements of the data fed back through the Fair Cost of Care (FCOC) and, therefore, has not used the FCOC as the baseline position for fee setting in 2023/24. However, the FCOC work has been a helpful benchmark and reference point for fee-setting discussions.

On this basis and following engagement with providers, the council is implementing an average 11.3% uplift in care home fees for 2023/24. This was an enhanced offer from the 10.3% initially proposed to providers, following discussions on fee uplifts and feedback from providers on cost pressures not reflected in the cost-of-care model used.

The council will gradually move towards the FCOC in future years, depending on what funding will be made available. The table below summarises the fee rates for 2023/24 compared to the previous year:

Annex C: market sustainability plan

	Residential (non-dementia)	Residential (dementia)	Nursing (non-dementia)	Nursing
2022/23 fee rate	£652.82	£708.65	£862.01	£917.84
2023/24 proposed fee rate	£728.71	£788.74	£948.42	£1,008.45
% fee increase	11.62%	11.30%	10.02%	9.87%

* Nursing rates include confirmed funded nursing care (FNC) rate of £219.71.

For 2023/24, the 11.3% fee rate inflationary uplift for +65 care home provision is estimated to cost the council £2.9m (full-year effect). This will be funded from using part of the allocated market sustainability and improvement fund grant, council tax precept and other core council resources (from generated efficiencies).

	Market sustainability and improvement fund grant	Council tax Adult Social Care precept	Other core council resources (e.g. efficiencies)	Total
+65 care home fee uplift	£1.177m	£0.812m	£0.852m	£2.868m

Commissioning intentions

We aim to deliver a sustainable market by offering sufficient placements of a high quality, supported by an appropriate cost of care model which is able to meet the current and projected needs of the borough, including offering people choice.

This will mean we will be:

- Reducing the number of beds we have across the borough, particularly residential beds, focusing resources on increasing occupancy and quality in other homes. We will do this gradually and safely so as not to disrupt providers or stable and good packages of care.
- Developing a collective vision and understanding of what quality residential provision of care for people with dementia and EMI looks like. We will work with existing providers to increase the capacity and quality of dementia care in the borough.
- Exploring how the use of digital technologies in care homes improves care, positively impacting the experiences and outcomes of people receiving care and support and on the safety and effectiveness of services.
- Work with providers to address financial pressures around energy efficiency. For example, care homes and nursing homes could reduce their overheads and have more money to invest in their services, contributing to market sustainability and cost of care modelling. Reducing their carbon footprint would also help with environmental sustainability.

The council also recognises the role primary care and community health teams play in delivering support in residential care homes. As a result, the council has started to discuss improvement plans with these stakeholders to produce a joint plan. This is intended to target concerns around hospital admissions, ambulance transfers, falls and medication.

Annex C: market sustainability plan

The new Integrated Care Board (ICB) governance arrangements include a new quality committee, with a sub-group of this focused on residential care. Regular updates on quality issues will be reported to this group to support the escalation of issues affecting the quality of care and support proposals for how to make improvements.

Workforce development

All providers are feeding back pressures around workforce and recruitment. However, pay remains the number one issue.

Additionally, we are working with key infrastructure partners in Barnsley to create a Proud to Care Hub to support the sector around recruitment, career progression and training.

A number of homes currently have either new or interim managers in place. This is a key leadership role for care homes and often an issue around homes taken into organisational safeguarding. One of the areas being discussed is how we can support and engage with this group to ensure homes are well-led.

(b) 18+ domiciliary care market

Through 2022/23, there was an imbalance between demand and market capacity, which placed care providers in a relatively strong position.

2,283 people were receiving Barnsley Council funded LTS as of the end of January 2023; of which 889 were users of homecare.

The council has recently adopted an open framework of contracted providers to address three key areas:

1. **Quality:** Allowing more providers to join the framework to deliver against a comprehensive service specification to provide greater oversight of service delivery, provider performance and accountability.
2. **Finances:** A new framework will allow us to set fees, and we will look to use the fair cost of care exercise to inform the development of fee structures.
3. **Efficiencies:** Simplifying financial and payment processes in finance and commissioning will release back-office time to support fee uplifts.

The majority of Barnsley has signed up to the new framework registered providers, as well as a number from the surrounding area. This has meant we are now in a relatively good position where we have an over-supply of capacity, with providers having to compete with each other for packages through the framework.

We wanted more providers on the framework contract to improve oversight of their service delivery and quality and reduce the variation in higher fee rates. So, through 2023/24, we will start a programme of audits and inspections with providers based on a risk criterion.

The council used 100% of the funding in 2022/23 to improve the fees across all services in Barnsley. A 9% uplift was awarded to homecare providers in 2022/23.

The council will continue to prioritise home care and ensure fees for 2023/24 reflect the cost of living pressures. The table below outlines the planned fee rate for 2023/24 compared to the previous year:

2022/23 average hourly rate	£20.67
-----------------------------	--------

Annex C: market sustainability plan

2023/24 average hourly rate	£23.00
Variance	£2.33
% change in fee rate	11.3%

The council has previously agreed to an enhanced fee level with providers to ensure homecare workers get paid £1 above the NLW. This continues to be built into our fees model (included in the 2023/24 rate) to continue encouraging and promoting recruitment into these vital roles.

For 2023/24, the 11.3% uplift for the domiciliary care average hourly rate is estimated to cost the council £1.1m (full-year effect). This will be funded by using part of the allocated market sustainability and improvement fund grant, council tax precept and other core council resources (from generated efficiencies).

	Market sustainability and improvement fund grant	Council tax Adult Social Care precept	Other core council resources (e.g. efficiencies)	Total
Domiciliary care	£0.467m	£0.322m	£0.338m	£1.139m

Recognising the variation in responses from providers around the treatment of profit margins, we would want to engage with providers in discussions about how these elements will enable providers to deliver on the integration agenda and how the fee structure would support this.

As such, we believe the FCOC exercise has helped to establish a useful baseline and reference point for discussion regarding cost of care based on the current model of delivery, but we want to work with providers to agree on a fee structure that supports the broader commissioning intentions and the impact on support in key cost areas. For example, an outcomes-based approach is still a model the council would like to explore, but due to the pandemic, these discussions have had to be delayed but remain part of the future way of working we want to explore with providers.

Providers have fed back that traditional commissioning models for home care continue to give them challenges in supporting them to recruit and, more significantly, retain staff. We see the opportunity to work with providers around the health and social care integration agenda to look at more helpful ways of commissioning home care.

We have met with providers to share summary details from the FCOC. The council has some areas to clarify with providers but is committed to supporting the sector and moving towards an agreed FCOC based on what funding will be available.

We will support providers to look at how they can engage with the digital agenda. The ability to share information between partners is a key part of any community support model. Still, there is wide variation across providers in their current state of readiness to work in this way.