

Health and Adult Social Care Overview and Scrutiny Committee



PLYMOUTH
CITY COUNCIL

Fair Cost of Care and Market Sustainability Update

What is the Fair Cost of Care (FCoC)



- The Department of Health and Social Care (DHSC) fair cost of care review asked for information from Older People's Care Homes (65+) and Home Care Providers (18+)
- There is a requirement to complete a Market Sustainability Plan. The Market Sustainability Plan requires information on the current market position, key challenges in the next few years and plans to address these.
- All local authorities were required to complete a cost of care review and is a condition of future FCoC funding from the DHSC.

Provider Engagement



Meetings were set up in June 2022 with providers to discuss the exercise

The templates providers were being asked to complete were reviewed, and discussions with providers took place. These sessions included guidance on completion and an opportunity to clarify any questions.

The information included:

- An introduction to the Local Authority team working on it
- Deadlines for the submission of documents for the Local Authority
- The service types that were being reviewed, ie Residential & Nursing for 65+ cohort and Home Care for 18+
- Information on the Market Sustainability Planning approach and content

Methodology



Tools to capture information from providers around costs of running the services were developed in conjunction with Association of Directors of Adult Social Services (ADASS) and Local Government Association (LGA), and used nationally:

- Home Care – spreadsheet based tool that captured costs & relevant information (no's of clients, mileage etc) for 2021/22
- Care Homes – tool developed by IESE capturing costs and information for 2021/22, including Return on Operations and Return on Capital, and asking providers to give their view on a % uplift required to inflate costs to 2022/23 rates

Tools used information from providers to give hourly / weekly rate (home care / care homes)

PCC provided regular support to the Care Market during this time

Outcome



- DHSC have since confirmed that the cost of care exercise was not intended to be a replacement for the fee setting process
- Evidence gathered is not considered robust or representative of the sector locally:
 - Low response rate
 - Wide range of costs and rates
 - Large differences in profit levels between providers
- Like other Local Authorities the Data contained in the returns, even after clarification, does not present information that will allow the Council to develop an accurate and reflective picture of the cost of care in Plymouth.
- The Council will be undertaking formal engagement with providers to work towards fee setting & potential payment of funding

What is the market sustainability plan and why do we need it?



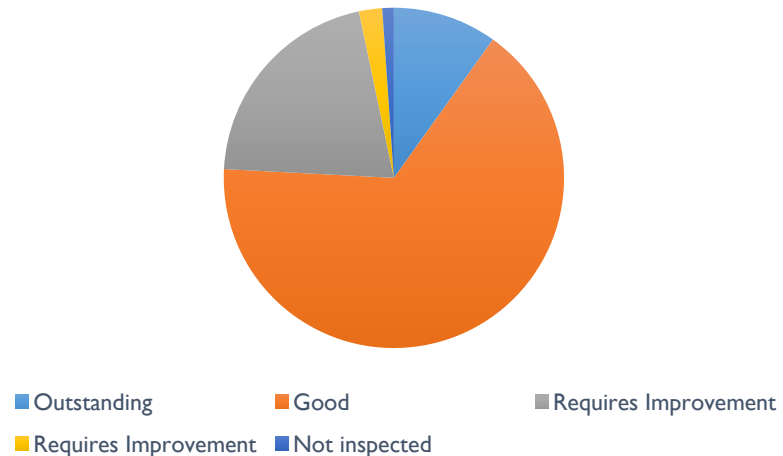
- The purpose of the market sustainability plan is **for local authorities to assess and demonstrate how they will ensure local care markets are sustainable, as they move towards implementing reform.**
- There will be one plan for 65+ Care Homes and one plan for 18+ Home Care

Overview of Care Homes

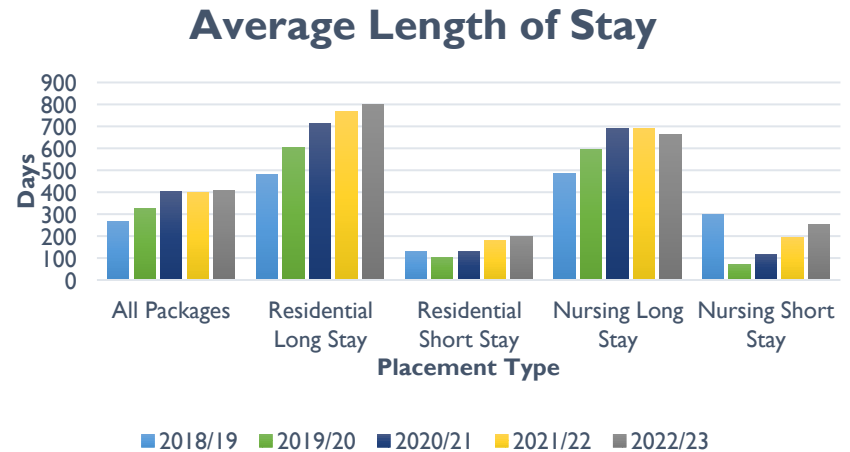
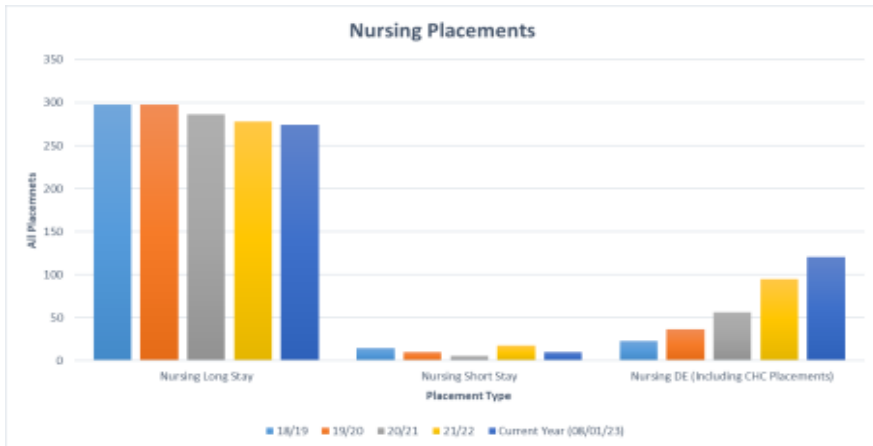


- £45m budget in financial year 2022/23;
- 91 CQC registered homes in the city of which;
- 56 are older persons;
 - Residential – 38; Nursing – 18, including dual registration
- 35 homes support under 65s with complex mental, physical and learning disabilities

Plymouth Care Home CQC Ratings



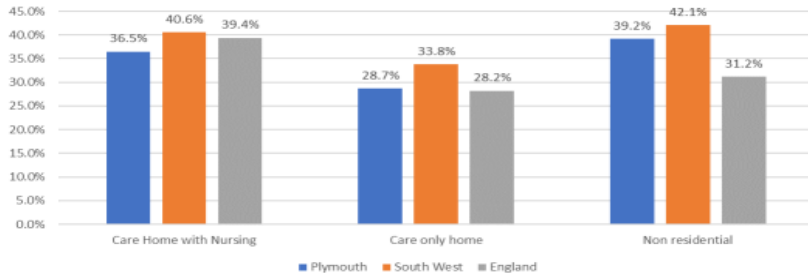
Older Persons Care Home Placements



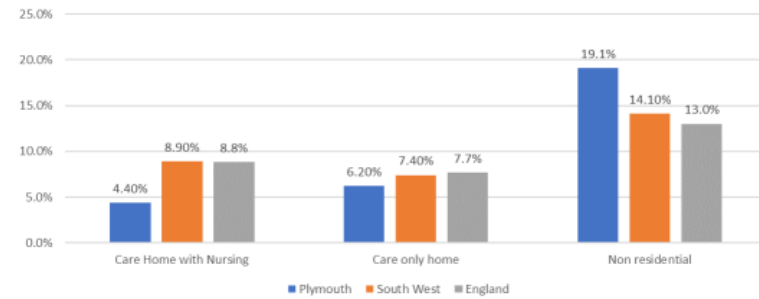
Recruitment and Retention 2021 / 22



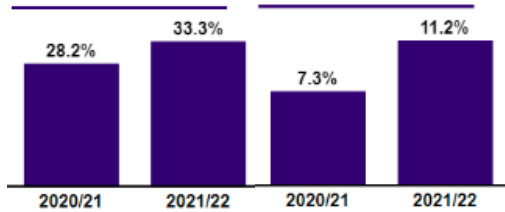
Turnover rate



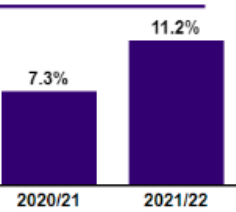
Vacancy rate



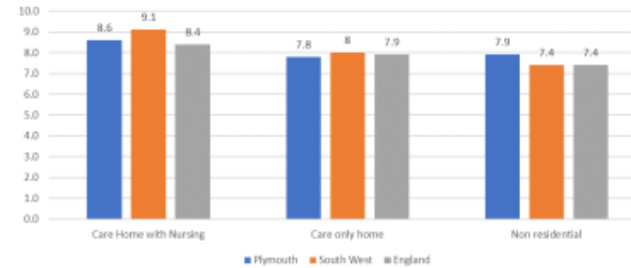
Turnover trend



Vacancy trend



Sickness rate



Assessment of Current Market Sustainability: Care Homes



- 1 new entrant (older persons) , 6 Exits (1 older persons, 5 specialist) in the past 12 months
- Occupancy – Average Occupancy 90% - Ranges from 42% - 100%
- Increased use of agency staff to cover shifts at high rates
- High levels of inflation and rising energy costs impacting provider financial viability
- Rising cost of living impacting further on recruitment and retention
- Hard for providers to compete with other sectors, i.e. retail, NHS
- Very limited availability of nursing and nursing dementia beds
- High vacancy levels across basic residential care homes
- Large amount of 'spot purchasing' taking place at higher rates, mainly hospital discharges (Intermediate Care)

Plans for addressing sustainability



- Re-design of care home market to support providers to develop specialisms e.g. dementia nursing care
- Enhanced clinical support to enable care homes to manage more complex needs
- Cohorting of discharge to assess patients to ensure reduced length of stay and proactive therapy support
- Further development of extra care provision to reduce reliance on traditional care home provision
- Targeted capital investment to address environmental constraints
- Development of career pathways with partner agencies to grow the workforce for the future

Overview of Home Care

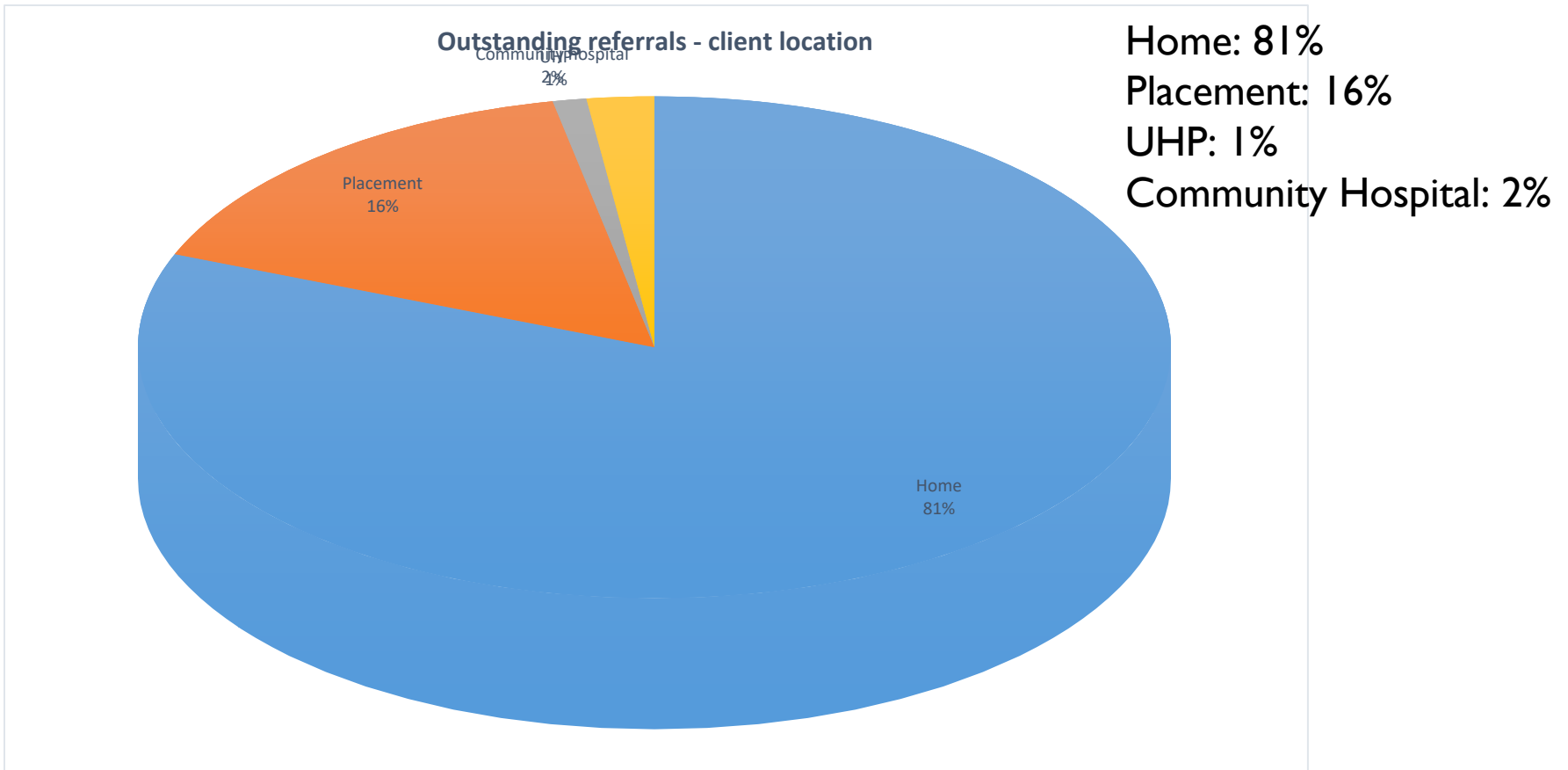


- £12m spent on contracts per annum
- Over 20 different providers delivering circa 10,000 hours of care per week
- Small providers lack resilience
- Care staff travel distances across the City, reducing the time available to deliver frontline care
- Regular contract handbacks results in a lack of consistency of care staff for some people in the City
- Hourly rates variable across the market

Assessment of Current Market Sustainability: Home Care



- Over 100 people currently awaiting a for placement (104 as at 27/01/23)



Assessment of Current Market Sustainability: Home Care



- Capacity issues in the care at home market and pressures to rapidly discharge people from hospital is resulting in more short term care home placements
- Geographical challenges: some post code areas have high demand and difficult to place in those areas
- Increased complexity of need and comorbidities in home care client group, incl. mental health/challenging behaviour/complex dementia
- Rising cost of living impacting further on recruitment and retention
- Hard for providers to compete with other sectors, i.e. retail, NHS

Plans for addressing sustainability



- Re-design of care at home contract to increase capacity in the community and prevent unnecessary care home placements to create capacity.
- Integrated Brokerage Service with Health, incl. hospital discharges
- Review of alternative models of care, i.e. ECH
- Review approach to contract management,
 - Development of provider risk assessment platform
 - Developing contract management expertise in-house and targeted capacity

Future market changes / challenges



- More self funders asking LA to commission care
- Cost of living / inflation continues to rise
- LA fee rates may not be reflective of true cost of care
- Providers competing for same workforce
- Increasing numbers of staff choosing to leave the sector
- Increased risk of provider failure / home closures
- Increasing demand / complexity, not enough capacity in system to meet demand
- Change in CQC's approach to regulation
- Impact of Integrated Care Systems