

Worcestershire County Council Cost of Care Exercise:

Market Sustainability Plan - 65+ Care Homes / 18+ Domiciliary Care (Annex C)

Introduction

This paper sets out current views relating to market sustainability following the reporting framework as set out by DHSC. The main focus of this report is on the 18+ domiciliary and 65+ residential/nursing care market segments as this links directly to the 2022 exercise relating to calculating the median cost of care for those markets, but it includes some insights into the working age care and other sectors for completeness and context.

The strategic direction remains as set out in key Council documents such as the [County Council Corporate Plan](#) and [Market Position Statement 2021-2023](#) which are published on the County Council website, noting that the Market Position Statement will be refreshed during 2023. These documents provide the detail and focus on the key strategic priorities to support residents remaining independent.

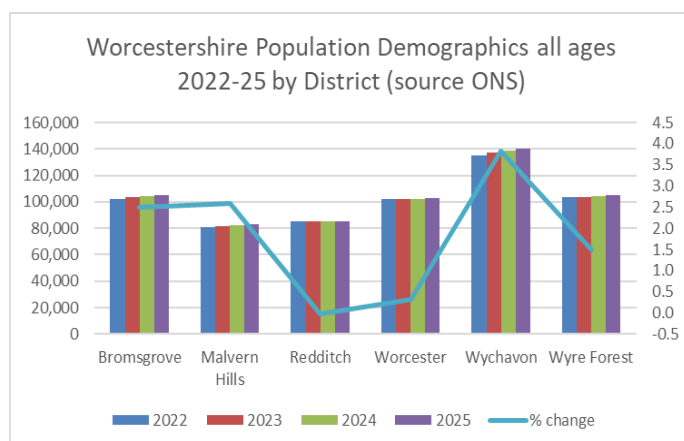
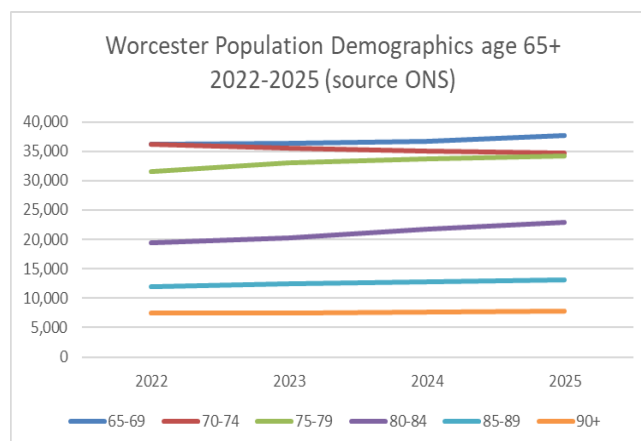
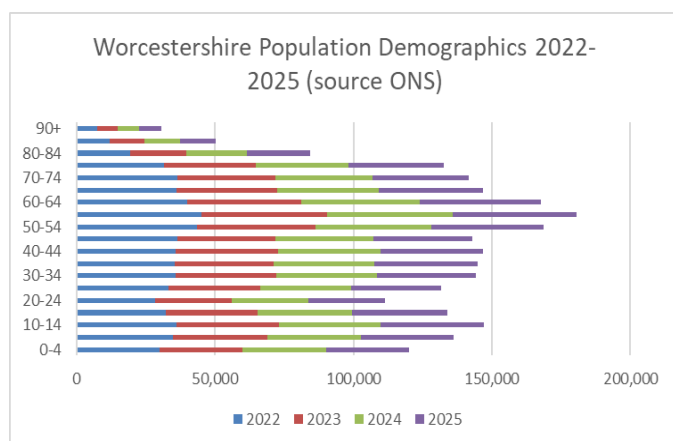
1. Assessment of the current sustainability of local care markets

WCC has ensured that providers are aware of DHSC's revised guidance on "Market Sustainability and Fair Cost of Care Fund" received in December 2022, confirming that, as part of the autumn statement, the Government has decided to delay the adult social care charging reforms for two years. Further dialogue will take place once the detailed 23/24 Market Sustainability and Improvement grant conditions are known.

Key Worcestershire demographic indicators

1.1. County economic and demographic data indicates that:

- At 79%, Worcestershire has a high level of employment (of those economically active) compared to the West Midlands Region (73.6%) and Great Britain as a whole (74.8%)
- Worcestershire GVA in 2020 was £14bn compared with a revised figure of £14.7bn in 2019, a fall of 4.9% compared with 3.9% for West Midlands and 3.1% for England.
- Average Worcestershire salaries (£27,285) are below the West Midlands region (£29,516) and England (£31,777).
- Worcestershire has an older age structure than is seen nationally, and the number of older people is increasing. This has consequences for the county in terms of access to services including GP's and hospitals, general health of the population, ratio of full-time workers to people of retirement age and levels of resources. Malvern Hills, Wyre Forest, and Wychavon (3 rural districts) all have particularly high levels of older residents. Almost 22% of the population in Worcestershire are aged 66-plus, with almost 3% aged 85-plus. The number of people aged 66-plus, representing approximate retirement age, has increased by over 28,700 since the last census, and stands at over 131,900 persons. Worcestershire population demographics to 2025 for all ages and for ages 65+ to whom the majority of domiciliary care and older peoples residential care provision is delivered, are shown over page.



- The ONS data shows clearly that the majority of the population growth over the next 3 years is within the rural district of Wychavon at approximately 4%. More modest population growth is projected in Bromsgrove, Malvern and Wyre Forest, with none or very low growth projections in Redditch and Worcester. Malvern and Wyre Forest are also rural districts. Looking more closely at the over 65 age group across the county the data shows a modest increase for ages 65-69 and 75-84.

Assessment of current sustainability of the 65+ care home market

1.2. There are 125 CQC registered 65+ care homes in Worcestershire (2022/23). Bed size and service bands are tabulated below. Worcestershire County Council (WCC) has contracts with all homes for accommodation with personal/nursing care.

Bed numbers	% Homes	Service bands	% Homes	Service bands	% Homes
< 25	15%	Treatment of disease, disorder, injury	42%	Mental Health	21%
25 - 49	55%	With Nursing	43%	Misuse of drugs / alcohol	3%
50 - 74	25%	Without Nursing	60%	Physical Disability	67%
75+	5%	Rehabilitation	2%	Sensory Impairment	37%
TOTAL beds	5460	Dementia	84%		

- 1.3. Providers comprise national chains, regional organisations and local providers/single homes. The 7 main providers comprise 5 national chains, one regional organisation and one local provider with multiple homes in the county.
- 1.4. WCC commissions 1,211 older person care home beds (31st January 2023) with in-county providers (approx. 21% of CQC registered beds in the county). Over one-third (36%) of WCC's beds are commissioned from 7 provider groups (31 care homes). For 2 homes, WCC commissioned beds account for at least half of the total registered (max 68%).

- 1.5. WCC spot purchases all long-term placements, enabling a full market search to meet the individual needs whilst ensuring best value for the public purse. Out of county provision is secured with individual homes as required.
- 1.6. CQC ratings, as a snapshot, are provided below. Concerns for those rated Inadequate or Requires Improvement include safety; leadership; insufficient staffing levels; person-centred care; safe care/treatment; consent; governance; medicine management; care planning; management oversight.

	Inadequate	Requires Improvement	Good	Outstanding	Not yet inspected
Nursing Home (physical disabilities)			1		
Nursing Home (older people)		13	39	4	3
Nursing Home (mental health/learning disabilities)		1			
Nursing Home (Learning disabilities)		1			
65+ Nursing home totals	0	15	40	4	3
Residential (learning disabilities)		5	42	2	1
Residential (mental health/ physical disabilities)			1		
Residential (older people)	1	14	43	1	6
Residential (older people/mental health)				1	1
65+ Residential care totals	1	19	86	4	8

- 1.7. On 31 January 2023, there were 35 older people waiting for a nursing placement and 47 older people waiting for a residential placement. This is in line with trends over the last 6 months and relates to highly specific and/or very complex care needs, and, in some cases, resident choice.
- 1.8. 23% of the total had been waiting up to 6 weeks and 76% over 6 weeks. Individuals entering care are doing so at an older age, with more complex presentations. At the end of January 2023, 61% of the total had been waiting up to 6 weeks and 39% over 6 weeks
- 1.9. New build homes continue to open in Worcestershire attracted by the local/regional pool of self-funders. Some legacy stock (both conversions and purpose built) need investment to ensure homes have en-suite bathrooms and are dementia friendly.
- 1.10. The 65+ care home sector in Worcestershire has proved resilient post-pandemic. Between January 2022 to January 2023, no care homes closed for financial or other reasons. The combination of occupancy remaining below pre-covid levels, workforce difficulties and increases in utility and other costs may potentially place considerable strain on the sector later in the coming financial year.
- 1.11. Key issues for the older persons care home sector in Worcestershire:
- Skills for Care monthly tracking indicates bed occupancy rates for nursing has risen nearer to pre-pandemic levels (Nursing 78% May 22 v 86% March 20 – Jan 23 83% but for residential have reduced Residential 83% May 22 v 87% March 20 Jan 23 79%). This data can be difficult to interpret as a vacant bed may not be a bed that could be utilised due to staffing issues within the facility or indeed a suspension from new admissions as a result of care quality issues. It does however demonstrate the potential bed availability within the county.
 - Workforce - Low levels of unemployment, opportunities in other sectors, mandatory vaccination programme and the poor perception of the care sector as an employer of choice exacerbated recruitment/retention pressures in the sector throughout the pandemic. Skills for Care reported in October 2022:

	65+ Residential Care homes	65+ Nursing Care homes
Workforce total	3600	3600
% Permanent staff	91%	91%
% Full time	51%	66%
Workforce delivering direct care	2100	2600
Attrition rate	29.7	35.5%
% Of staff recruited from the care sector	68 %	63%
Vacancy rate	8.2%	8.8%
Average years' experience in role	4.7	3.8
Average years' experience in sector	8.5	7.8
Average days sick leave	8.4	4.1
Average hourly pay rate (direct workers) *	£10.57/£9.40	£NA / £9.49
Rate above the National Living Wage*	£1.66/£0.49	£0.58
<i>*local authority/independent sector</i>		

- Increasing quality assurance/safeguarding reports, compared to pre-pandemic, with workforce issues a contributory factor. The majority of the County Council's care quality alerts are for the care home portfolio. Providers' ability to resolve care quality issues varies based on several factors, including:
 - Whether part of a larger corporate organisation or a smaller independently owned home
 - The management and staffing stability and capability/skill set
 - The provider's position in terms of capital investment and ability to provide adequate training and support
 - Multi-agency input – provider access to a supportive health body e.g. PCN team, diabetes nurse
 - Willingness to work with the recommendations of the Quality Assurance Team
- Currently there are 15 high risk care homes (care quality) from the Quality Assurance Risk Matrix
 - As at the end of February 2023, there are 6 care homes under full suspensions of new placements and 3 partially lifted.
 - All homes being monitored receive clear expected outcomes with guidance on areas for improvement and are supported to achieve required quality standards.

Assessment of current sustainability of the 18+ domiciliary care market

- 1.12. March 2021 - 89 domiciliary care providers were registered with CQC in Worcestershire. WCC commissioned 49% of their home care services. In August 2022, there were 87 providers and 50% of their work was Council funded. In February 2023 there were 96 locations registered with CQC in Worcestershire and 47% of their work was Council commissioned.
- 1.13. Of the CQC registered domiciliary care providers within Worcestershire, 24 (25%) are registered with 21 brands.
- 1.14. WCC used 142 providers in February 2023. 69 providers had CQC registrations outside of Worcestershire.
- 1.15. 27 providers delivered 51% of the commissioned hours of care. No provider had > 3% of market share.
- 1.16. In February 2023 95% of care packages were commissioned via the Dynamic Purchase System (DPS), 2% were Independence Focussed Domiciliary Care providers i.e. via the Councils new Domiciliary Care contract and 3% were Spot Purchased.
- 1.17. Commercial viability reviews indicate 13 providers are at very low risk of defaulting, 11 are low risk and 5 a moderate risk. These reviews are vitality important in assessing market sustainability.
- 1.18. CQC data is as follows over page (noting this is a snapshot). Identified concerns were safety (includes the administration of medicines), effectiveness, caring, responsiveness and leadership (includes the legal requirement for a registered manager)

	Requires Improvement	Good	Outstanding	Not Yet Inspected
18+ Domiciliary Care	10	77	9	0

1.19. Key issues for the 18+ domiciliary care sector in Worcestershire:

- Between Feb '22 and March 2022 there were, on average, 76 people waiting for Domiciliary care. c. 47% were waiting in a one (of four) rural districts within the county (Evesham, Pershore, Malvern and Tenbury). With the implementation of new zonal contract (from 1 January 2023), the issue of more locally focussed provision will improve in rural areas.
- On 28 February 2023, there were 138 people aged 18+ awaiting domiciliary care packages. Of these, 74 were at assessment stage to establish care plans and 64 were under review (including changes to existing care plan) before the package can be offered to the market. Over the last 12 months, there has been a significant increase in the number of complex care packages requiring 2 carers for up to 4 visits per day and this has stretched the ability of providers to respond at pace. The County Council continues to work closely with NHS colleagues to ensure that care post Hospital admission is well planned and delivered safely.
- The average number of Packages of Care (POC) handed back each week during 2022 was 9. The average in January 2023 is 7.5. The number of providers returning packages of care has reduced from 42 to 17, the majority of those in the very rural districts. 9 providers exited the home care market (mainly due to organisational restructure) requiring a reassessment of care and new care packages to be commissioned. On the whole, this indicates that the revised contractual arrangements and extensive market engagement activities through the final quarter of 2021/22 and through 2022/23 have improved stability within the market.
- Increasing quality assurance/safeguarding reports compared to pre-pandemic, with workforce issues contributing. From 1st Feb 2021- 28th Feb 2023 there have been 46 suspensions for 44 different providers, as of the end of Feb 2023 there are 20 Dom Care providers suspended. However, it needs to be noted that this may not be due to quality concerns but may be linked to the framework contract in that providers are suspended for a period of time if they don't accept new packages of care. The ability for providers to resolve care quality issues varies based on several factors (see care home data above).
- The major market issue is workforce, as detailed for residential settings. Skills for Care reports for non-residential care services in Worcestershire (Oct 2022):

	18+ Domiciliary Care
Workforce total	4800
% Permanent staff	89%
% Full time	22%
Workforce delivering direct care	4100
Attrition rate	28.6%
% Of staff recruited from the care sector	54%
Vacancy rate	16%
Average years' experience in role	3.8
Average years' experience in sector	7.9
Average days sick leave	5.2
Average hourly rate of pay (front line staff)	£9.61
Rate above the National Living Wage	£0.70

The Wider Market Position

- 1.20. Whilst the focus of the Cost of Care exercise remains firmly on the 18+ domiciliary care and 65+ residential and nursing care markets, commissioners work across all care markets to ensure sufficiency of care provision to support residents needs. This requires a full market appraisal as no one sector is isolated from another in the continuum of care and some context on other markets is therefore provided here, most specifically for working age residents.
- 1.21. It is difficult to translate conclusions from the 65+ residential;/nursing care cost of care exercise to this market as there is a significantly higher staffing ratio to residents, fixed costs will be distributed across fewer residents and care packages can vary widely for each individual.

Working age services

- 1.22. WCC sees significant market pressures in care provision for “working age” care, specifically in relation to Supported Living and younger people’s residential/nursing care.
- Demand continues to rise and length of stay is invariably long term.
 - There are 79 CQC registered Under 65 (U65) care homes in Worcestershire (February 2023), comprising national chains, regional organisations and local providers/single homes. WCC spot purchases all long-term placements, enabling a full market search to meet the individual needs whilst ensuring best value for the public purse. Out of county provision is secured with individual homes as required.
 - As with other care markets, the U65 care home sector is facing significant workforce issues due to national recruitment and retention issues within the care sector.
- 1.23. There continues to be an increasing usage of Supported Living as an option providing greater independence as well as value for money. Three new supported living schemes opened in 2022/23.
- This sector is facing significant financial and operational pressure in relation to recruitment and retention.
 - Three providers have given notice since December 2022 on 49 packages of care
 - Planned Supported Living developments have been delayed due to delays in planning and availability of building materials, meaning that 13 units of specialist accommodation for individuals with complex needs that should already be within our market (in-county provision), will not be delivered until the final quarter of 2023/24 leaving an immediate gap in our planned provision for school and college leavers.

2. Assessment of the impact of future market changes (including funding reform) over the next 1-3 years, for each of the service markets

Provider engagement

- 2.1. For the cost of care exercise, WCC engaged extensively with providers prior to the October submission to DHSC. Six written communications were sent to both home care and care home providers, including FAQ’s. The quality of WCC communications was considered “best in class” by the Care Provider Alliance (CPA) and shared (by them) with the LGA and other LA’s. Additionally, WCC arranged 2 days of Commissioner support, 2 provider forums with the CPA, Home Care Association (HCA), Care England and the West Midlands Care Association (which were unfortunately only attended by two providers, one at each forum) and a joint communication on behalf of the Council and member associations. A further 60 emails were

sent/responded to, and all providers received open invitations (and reminders) to all national and regional webinars. Regular telephone calls encouraged participation, answered ad-hoc queries and resolved anomalies in the data sets received.

- 2.2. Whilst WCC was somewhat disappointed in the number of submissions to the cost of care exercise, the majority, but not all of the providers who did submit data were able to offer clarification where requested. WCC offered further opportunity for providers to engage with the process post submission. A total of 4 providers of older people's residential care responded to this request, but no further responses were received from providers of domiciliary care.
- 2.3. WCC, in spite of the limited response from the markets, remains fully committed to working constructively with good quality care providers going forward
- 2.4. In 2023, WCC again asked providers what would be most helpful for the County Council to consider in respect of the delivery of services (outside of fee rates). This question was asked of **all** providers of adult social care services and was not restricted to older people's residential and 18+ domiciliary care. The responses are detailed below and will be taken into account in respect of on-going and future options for support to the markets and in our development of all commissioned services.

Domiciliary Care
Training Courses / Access to Real Life Training sessions
More transparent communication from brokerage and finance
pay frustrated calls - customers frequently in hospital and not fair that care company and carer not paid
Reducing the number of client purchasing errors by social workers and brokerage which cause delays with payments and cause additional admin and wastes resources. Free training would be an enormous help such as a carers version of end-of-life care or stoma care, etc.
We would be grateful to have the flexibility of phoning brokers directly to pick up packages within the same areas where we have carer availability. This will also reduce the number of outstanding packages.
Assistance with staff recruitment
better processing of adults' portal
zoning of rural calls
Support with recruitment / care as a career
Extra Care
Step Down options within Extra Care- supporting hospital discharge and providing rehab approach.
Nursing Care Older People
Other - it would be useful to return to face-to-face communication. We need to improve on how we as providers can provide feedback to commissioners/ discharge teams etc, to improve the service. The lack of certain key services, such as mental health cover or assistance with inappropriate discharge, also prevents us from taking more admissions are taking part in block contracts.
Regular engagement to enable WCC to understand the growing clinical pressures on nursing homes.
Residential Care Older People
Unfortunately increasing the fees for residents are well below the proposed 8% increase is a problem. Residents on lower than the current rate should also be uplifted to the current rate + 8% increase. There are 5 residents all well below the £751. This is unsustainable moving forward, as the living wage is increasing by 9-10%.
Residential/ Nursing Care under 65
Fee uplift reflective of the increases in NMLW to help us with staff recruitment and retention
This service is partly funded by NHS Cornwall & Isles of Scilly ICB, who we invoice separately. It would help administratively if Worcestershire CC could pay the full amount and then recharge to NHS Cornwall. This generally happens when services are jointly funded.
Regular uplifts without a battle
Dedicated process for specialist residential / supported living referrals
Supported Living
Support to consider opportunities for shared staff training, partnership groups to look at reducing costs such as insurances, utilities, etc
Dedicated transport services
More support with recruitment and perhaps grants for oversea staff
Dedicated process for specialist residential / supported living referrals

Key aspects of care demand

- 2.5. The overall forecast demand increase (in year, 2022/23) for domiciliary care is 2.4%. As of 31 January 2023, 2,462 residents are in receipt of council funded domiciliary care services, of which c75% are aged 65 or older. As the services to support people in their own home continue to develop, we see this demand continuing looking ahead.
- 2.6. Overall 65+ 2022/3 general care home demand is broadly flat with signs for an overall reduction in demand or zero increase for 2023/4. Demand for 65+ residential nursing care has increased in year and is estimated to grow further in 2023/24 by the percentages in the table below. Demand for 65+ residential care increased fractionally in late 2021 but remains at substantially below pre-covid levels and is showing little further recovery. As of 31 January 2023, 1,507 residents aged 65 or older are in receipt of council funded residential or nursing care. Whilst there is no expectation that the demand for residential care will increase significantly based on current trends, it is anticipated that the complexity of care needs will change over the period and beyond.
- 2.7. The overall forecast demand, expressed as a % increase in client growth for all commissioned services in the coming financial year 2023/24, is outlined below:

Service	Older People (65+)	Learning Disabilities	Mental Health	Physical Disabilities
Residential	0	3	10	0
Nursing	11	64	0	40
Domiciliary Care	1	17	0	9
Supported Living		4	38	
Extra Care	0			
Day Care		2		

Impact of charging reform delays

- 2.8. The implementation of the full charging reforms as originally proposed would, given the high number of self-funders in Worcestershire, have a significant impact on the market and council funding. Government estimates 80% of self-funders will request to fund care at authority rates, and 89% of these will for eligible to do so.
- For 65+ residential settings, this equates to approx. 1,620 additional clients to be funded by WCC, and 1,666 additional clients for 18+ domiciliary care
 - There will be approx. 3,920 new social care assessments and an estimated 2,925 financial assessments, carrying an operational funding implication of c.£4.9m
- 2.9. The implementation of the delayed reforms will, in 2025, require significant investment in staffing (social work and finance), systems and funding. The additional time period to review and assess these impacts is welcomed, but a good period of notice of intent to implement will be required in order that effective recruitment strategies can be established, whilst still managing costs and risk.
3. Plans for each market to address sustainability issues identified, including how fair cost of care funding will be used to address these issues over the next 1 to 3 years

Strategic intentions

- 3.1. WCC aims to use the funding allocations to ensure that there is sufficient capacity of quality care available for our residents, to progress the aims of the [County Council Corporate Plan](#), the [Adult Social Care Market Position Statement \(2021-2023\)](#) and the [Joint Strategic Needs Assessment](#) to manage public

spending in line with the medium-term financial plan and to support the wider health and social care system demand as the NHS works to recover post-pandemic. It should be noted that the full market position statement is due for refresh in 2023. The Integrated Care Board Strategy for Herefordshire and Worcestershire, is, at the time of finalising this report, under development. Collaborative working via the Integrated Commissioning Executive Officers Group will see the ICB reviewing demand via the discharge pathways in April 2023, refreshing demand levels (where applicable) from financial year 2021/2. This information will also form part of the Better Care Fund plan.

- 3.2. Communications with providers have been clear throughout, that, as per DHSC guidance, the exercise to calculate the median cost of care was not, and is not, intended to replace the Council's duties under Section 5 Care Act 2014 when setting the level of fees for the funding of care, but "to enable Local Authorities to make tangible improvements to Adult Social Care and in particular address discharge delays, social care waiting times, low fee rates, workforce pressures and promote technological innovation within the sector". The County Council also has a responsibility to ensure that funding is available to meet new demand for care and to manage within its financial envelope.
- 3.3. WCC, in partnership with Herefordshire and Worcestershire Integrated Care Board (HWICB), has adopted a home first approach, developing strategies to avoid hospital admission, promote independence and enable people to live the best life they can, incorporating partnership working/collaboration with public health, NHS, voluntary sector, commercial providers, service users and their families. Council committees e.g. Cabinet, Scrutiny, Health and Well-Being Board plus the ICB govern actions and decisions.
- 3.4. For 2022/3, WCC invited care home providers to consider provision for those with enhanced needs, including dementia and close personal care (1 to 1), with limited response and only part fulfilling the specification. No contract was awarded and placements continue under a spot purchase arrangement for this care and for Pathway 3 discharges for the time being.
- 3.5. In 2022 WCC delayed plans to commence market re-shaping activities for the 65+ residential market (until 2023/4) given the (then) forthcoming adult social care reforms and better understanding of the funding position. This work will now commence in 2023/4, creating a *preferred* supplier framework for the commissioning of older people's residential placements (including nursing care).

Funding availability

Financial Year 2022/23

- 3.6. For 2022/3, WCC invested £17.1m to meet the demand-led Adult Social Care pressures. £15m reflected rising demand, complexity and cost of care, including supporting significant workforce pressures. This was funded by the Adult Social Care Council Tax Precept, the Social Care Grant, the Improved Better Care Fund and the Market Sustainability and Cost of Care Grant, plus a contribution from the Council and health partners.
- 3.7. WCC received £1.6m for implementing the Cost of Care for 2022/3. This funding was 100% fully passported to providers within the £9.6m total investment in fees for the financial year 2022/3. Although permissible, none of the cost of care funding was kept back to resource the cost of care work.

Financial Year 2023/24

- 3.8. For 2023/24, we see the following financial pressures:
 - An increase to the national living wage of 9.7% for workers aged 23 and above
 - Inflationary pressures impacting energy and general utility, food and travel costs:
 - The Consumer Prices Index (CPI) rose by 10.7% in the 12 months to November 2022, down from 11.1% in October
 - RPI inflation was 14.0% in November 2022 (Index: 358.3), down from 14.2% in the year to October.

- CPIH inflation was 9.3% in November 2022 (Index: 124.8), down from 9.6% in the year to October.
 - The accepted Low Pay Commission proposals on increases to the National Living Wage (NLW) in April 2023 of 8.6% and 6.1% for the under/over age 21 employees
 - General inflation was originally estimated to level at 7.5% in 23/24 and 5.0% in 24/25. This assumes that providers receive significant compensation for the very high inflation this year and there is some continuing impact.
- 3.9. The planned implementation of the health and social care levy of 1.25% which was to be applied to National Insurance contributions from 1st April 2023 was subsequently removed via the autumn statement. This was a welcome change for provider organisations.
- 3.10. In December 2022, the Council undertook an exercise to forecast the estimated cost of new demand, increasing acuity and inflationary pressures as part of the budget setting exercise for 2023/24. The cost of the new demand forecast was £18.5m. (See also paragraph 2.7).
- 3.11. The Council agreed that any uplift in adult related grants, Adult Social Care Levy and a proportion of the Social Care Grant uplift would be fully allocated to fund pressures within adult social care. This totals £16.4m with the balance in the social care grant being applied to Children's growth.
- 3.12. The specific increase in funding attributable to the Market Sustainability Grant for adult care was £4m along with a further £1.2m for "ASC Equalisation". This totalled £5.2m which was earmarked specifically for inflationary uplifts in the market, with the remaining funding allocated towards growth in demand.
- 3.13. Even with the growth in grants and ASC Levy, the demand placed on social care was in excess of income, and £9.6m of savings needed to be identified, but it should be recognised that the Council remains totally committed to working with those providers where conversations on a case-by-case basis are needed to protect the most vulnerable adults in our society.
- 3.14. In summary, for 2023/24 WCC has:
- Estimated cost pressures within ASC of £26.0m, attributable to increase in demand, complexity of care and price inflation. This is being funded by the Adults Social Care Council Tax precept, Market Sustainability & Improvement Fund, Discharge Funding Allocation, Adults Social Care Grant, along with one off and recurrent savings programmes.
 - After adjusting for movements in grant, the proposed levels of Council Tax and the Adult Social Care Levy, the net impact is that the Council has £400 million of funds available in 2023/24 which represents a net increase from 2022/23 of £27 million. Overall, the Provisional Settlement from the Government alongside a growth in grant funding for adult and children's social care is welcomed. This is needed given the significant demand and inflation the Council is facing at present, with pressures identified of £68 million which is significantly higher than the increase in grants and other funding. As such, c.£22 million of savings, efficiencies and income generation have needed to be factored into the 2023/24 budget position as well as the proposed use of £5.5 million of council reserves.
 - The 2022/23 budget is expected to overspend by c.£13 million prior to mitigation, and the impact into 2023/24 is expected to be significantly higher due to the full year effect of clients entering the care system this year, forecast future demand growth and the increased cost of care.
 - Throughout the fair cost of care exercise, it was communicated to providers that WCC would passport specific increases in funding received from central government. This formed the financial envelope for the consultation with providers.
 - The surge in general inflation is difficult to manage, for example, if we were to apply an across-the-board additional allowance for inflationary pressures of 8.8% this would cost an additional £9.8m - excluding 18+ domiciliary care and older peoples residential and nursing care which were previously

assumed to be covered by a specific grant allocation. As such, there is an insufficient increase in external funding to offset both the overall costs of inflation and demand increases.

Anticipated market developments

- 3.15. Some of the market development proposals as outlined in Section 3 of this report were under consideration prior to the charging reform and exercise to calculate the median cost of care. Whilst some were initially delayed, and then adapted to ensure no actions were taken to engage with the market that could conflict with reforms, in terms of the future commissioning of services for residential settings for older people we are now able to commence this work in 2023 and have informed the market(s) of our intention to engage. It should be noted that for some activities, work is presently ongoing in order to develop proposals ahead of engaging the markets.
- 3.16. In summary, WCC anticipates the following market developments between April 2023 and October 2025, noting that some may be a consequence of market capacity, some a consequence of consultation and market engagement. For context, and as market shaping activity for each individual market segment can impact on another, this summary covers all commissioned services.
- Fulfilment of reablement focussed domiciliary care contracts for the 10 zones across the county, delivering outcome-based services, prior to commencing work on improved care package management
 - Some potential consolidation within the 65+ residential/nursing markets, implementation of a framework and revised contract for purchasing of new placements, including provision for more complex needs as the home first approach embeds as appropriate for lower-level care management
 - Changed provision for the delivery of care within Extra Care, supporting management of the growing demand for home based care services and a review of the Extra Care model in Worcestershire
 - Growth within supporting living and development of a framework for new placements for the under 65 residential/nursing markets.
 - Establishment of replacement care frameworks for all adults.
 - Day opportunities – incremental, smaller scale change based on the principles set out in the “Positive Days” specification (promoting independence, community connection etc.).
 - A more integrated approach to commissioning of services across Worcestershire, in conjunction with ICB colleagues, is at very early stages of discussion.

Cost of Care Analysis (summary)

- 3.17. For a full analysis of the cost of care data for both 65+ residential settings and 18+ domiciliary care (insofar as was reasonably practicable), please refer to [Annex B here](#). The number of responses received for the cost of care exercise was, overall, disappointing and does not represent a full representation of the sector(s). Without resources to undertake a full financial analysis of care costings via an open book approach, this, combined to the limited response from the markets casts some doubt as to the credibility of the data as a solid foundation upon which fees may be assessed looking ahead.

Ongoing Market Engagement and Use of Grants

65+ care homes market

- 3.18. The WCC strategy is to support people to live in their own home for as long as possible. This is likely to see a reduction in the use of long-term bed-based care, but may increase demand for planned replacement care to provide breaks for unpaid carers and this could be achieved via the framework. WCC is currently

working collaboratively with providers to develop cost-effective, responsive and accessible replacement care that meets the needs of individuals and carers, going forward.

- 3.19. The current market position has been significantly impacted by COVID-19. Bed vacancy levels remain relatively high, in turn influencing fee levels quoted by providers when WCC Brokerage seek long-term placements. Commissioners will undertake stakeholder consultation and consider how best to commission placements in future.
- 3.20. Beds available and occupancy levels as of January 2023 vs April 2022 (the data submission) are tabulated below. Occupancy rates remain fairly constant at, or around 80%.

65+ residential settings	County total (Jan 2023)	Total beds from data submitting homes	Total bed numbers included in final analysis
Total active beds	5,327	2,187	1,798
No. of occupied beds (without nursing)	1,227	554	520
No. of occupied beds (without nursing, dementia)	1,311	456	356
No. of occupied beds (with nursing)	1087	341	277
No. of occupied beds (with nursing, dementia)	596	363	308
Total occupied beds	4,221	1,714	1,460
Occupancy %	79%	78%	82%

- 3.21. WCC does not currently distinguish between dementia/non-dementia beds in its fee setting and this has presented some issues in compiling both the data and the reports for DHSC, for both providers and council alike. In Worcestershire, fees are determined solely by the package of care required and not the reason for that care.
- 3.22. The provision of care for individuals with complex needs and behaviours which challenge presents a market gap. Sourcing placements for these individuals can take time lowering outcomes and impacting on hospital discharge and the overall flow of individuals through the health and care system. Previous market engagement with the market regarding this provision has not proven fruitful, but Commissioners will again consider how increased access to such services can be achieved.
- 3.23. In older people care homes, the current commissioning approach is one of spot purchasing and providers continue to increase their fees to reflect the increases to their costs. WCC intends to launch and mobilise a framework of providers for older people care homes with agreed rates and will engage with providers who request reviews of fees that are below the median cost based on evidence of the cost of care provided.
- There is extensive benchmarking taking place with other local authorities along with analysis of financial and demand data with council officers and the wider system.
 - With further analysis completed, commissioners will engage on options with the market. This will be followed by a soft market test and then providers will have opportunity to tender against a revised contract to form a framework for the provision of new packages of care. WCC wishes to include care quality incentives within the framework – details to be determined.
 - Consideration as to the on-going management of legacy care packages will form a part of this work.
- 3.24. Planned replacement care for older people has, historically, been mainly provided via block-contracts with 8 homes across Worcestershire this arrangement will end April 2023. On review it was found the block were under-utilised and spot purchasing was increasing. The opportunity to join a framework of providers to supply replacement care is current currently out for tender. The framework comprises both general and dementia residential care, but not care with nursing (at present). There is an indicative rate as part of the framework agreement which also include a rate for emergency placements. The framework should enable a number of providers spread across the 6 districts of the county to offer respite and meet the demand at peak holiday times (the block could not meet this demand). As the are no guaranteed placements or retention costs the framework should be cost effective, give choice and can be opened up to further providers as needed.

18+ Domiciliary Care Market

- 3.25. The Council has in 2021/22 and 2022/23 recommissioned domiciliary care provision to deliver outcome-based services supporting people to remain at home for longer, reducing the marketplace for the Council from c130-140 DPS providers to around 20 preferred providers delivering services in 10 zones. Contracts are signed, but additional capacity is being commissioned in some zones. The Council anticipates the additional contracts will be signed in May 2023.
- 3.26. The capacity supplied by the market has historically ensured most care needs are met quickly, but there are increasing signs of stress, particularly rural areas, where providers find it challenging to recruit and retain staff. Service provision became problematic in Q3 2021/2 with WCC funding £2m of aid to domiciliary care providers specifically for supporting workforce and to stabilise the market. Local research has identified survey has shown that the average pay for a Domiciliary Care staff in Worcestershire is £10.72 (excluding mileage reimbursement and travel time)
- 3.27. For 2022/3, WCC funded significant fee increases for home care at a cost of £6.24m which recognised the service pressures in more rural locations:

Location	Tier 3/hr (2021.2)	Tier 4/hr (2021/2)	Tier 3/hr (2022/3)	Tier 4/hr (2022/3)	Tier 3 (% change)	Tier 4 (% change)
Redditch & Bromsgrove	16.25	18.00	18.85	20.75	16%	15%
Worcester & Droitwich	16.69	18.44	19.27	21.02	15%	14%
Wyre Forest	16.79	18.55	19.42	21.32	16%	15%
Evesham, Malvern, Pershore & Tenbury	18.00	19.98	21.93	22.86	22%	14%

Today, the situation is again emerging due to escalating travel/cost of living costs.

- 3.28. To understand the demand and benefit of short-term 24/7 wrap-around Domiciliary care services an 18-month pilot (end Sept. 2023) is operating and showing significant benefit to the health and care system in terms of patient flow, early discharge, increased independence and avoidance of large domiciliary care packages and entry to residential settings.
- 3.29. 22 providers responded to the requests for information as part of the Cost of Care exercise, representing 33% of the LA commissioned Domiciliary Care market. A number of queries were raised against the submissions. A proactive exercise resulted in all submissions being included in the final analysis
- 3.30. In order to manage costs and effect an increase in fees the County Council has consulted on 3 different ways to achieve this, through amending the way fees are structured for existing packages of care, in relation to bank holiday payments and subsidies for calls of less than one hour duration. During 2023/24, commissioners will also look to incentivise and embed the “reablement approach” for new care packages under the terms of the new zonal contract.
- 3.31. Commissioners will review the 18 month “wraparound” pilot mid-summer with ICB colleagues in order to determine whether this provides value in supporting earlier discharge and promoting independence on discharge from hospital. The pilot has provided 24/7 care for a short period of time for those who needed additional, short-term support on discharge.

Extra Care

- 3.32. Extra Care is a key service in enabling residents to be supported but still maintaining their own “front door”.
- 3.33. Commissioners have, over the winter period 2022/3 established a trial extra care step down unit to enable earlier supported discharge to good effect and has now agreed with ICB colleagues that there is value in continuing this pilot for a full 12-month period commencing April 2023.

- 3.34. Commissioners have consulted with the market recently regarding incentivising more of the extra care providers taking over the actual care delivery, to alleviate pressure on the domiciliary care market and will be taking this forward.
- 3.35. Over the coming 12 months, commissioners will be engaging with the market in terms of maximising the use of extra care and supporting lower-level dementia care, through a setting that would provide safe care yet prolonging independent living.

The working age care sector (U65)

- 3.36. Our Strategic Plan is clear that we would like to move to less residential care and consider supported living for every person with an eligible need where possible. However, for this cohort, market shaping and changes require considerable planning and bespoke commissioning. For some individuals residential is required or is the least restrictive option.
- Work is underway to work with any appropriate care homes to de-register and provide supported living
 - In previous years our target has been to reduce the numbers of people in residential care. However, we have an aging population of individuals with a learning disability and increasing complexity of young adults in transition. It is likely that our numbers in residential care will now need to stabilise
 - The Mental Health Needs Assessment completed in 2022 sets out the steps required to create an effective Mental Health Social Care recovery pathway. This identifies a need to re-specify and re-model some of our services for mental health. It also identifies a potential need for short-term crisis accommodation and further work is planned to quantify and scope this work. This may lead to commissioning of additional mental health residential beds.
 - A Pathway Planning Social work team has been set up to support commissioners to re-model, re-specify, negotiate and support moves through the pathway
- 3.37. The demand for Supported Living Services continues to grow. We have developed a separate [Market Position Statement for Supported Living](#) that sets out the position and plan for Supported Living 2021-24. A Pathway Planning Social work team has been set up to support commissioners to re-model, re-specify, negotiate and support moves through the pathway. There is a focus on re-negotiating core services within Supported Living, where appropriate.
- The Supported Living MPS is currently being updated with information from the Mental Health Needs Assessment but estimates will still be broadly in line with the information above
 - Re-commissioning of the Dynamic Purchasing System for Supported Living has commenced and it is planned to have new contracts issued in October 2023
 - Work is underway to establish a more unified approach to purchasing Supported Living, as the mixture of “weekly” and “hourly” packages makes it difficult to compare packages and apply uplifts
 - A Pathway Planning Social work team has been set up to support commissioners to re-model, re-specify, negotiate and support moves through the pathway.

In summary

- 3.38. Market engagement will commence, or indeed continue, regarding a number of consultations and market shaping activities that will support and enable Worcestershire County Council to make tangible improvements to Adult Social Care and in particular address discharge delays, social care waiting times, low fee rates, workforce pressures and promote technological innovation within the sector.

- 3.39. These initiatives may move care from one market segment to another and may ultimately require some market consolidation in order to address over capacity in one segment and create capacity in another, so addressing the strategic direction of maximising residents' independence, keeping them safe, well and supported.
- 3.40. Increasing collaboration across the ICB through the Integrated Commissioning Executive Officers Group and various collaborative Boards, along with early discussions on increased levels of joint commissioning will ensure that, as we move forward, actions are linked to system needs, and in particular supporting safe and early discharge from hospital as well as addressing the stated needs of provider organisations (see paragraph 2.3 and associated table) in as pragmatic (and affordable) way as is possible.
- 3.41. Worcestershire County Council is working with ICB colleagues, local colleges and Skills for Care regarding a number of initiatives that will support and encourage people to consider a career in care that is fulfilling, whilst recognising that some opportunities may be limited to providing improved mechanisms for engagement across a wider candidate market and better equipping independent providers to consider workforce issues through a different lens, given that it is neither feasible nor appropriate for a commissioner to dictate on how an independent organisation operates within its chosen business model. Examples of current ongoing activities include discussions with Skills for Care for sessions on improving workforce planning and strategic workforce management, development of a workforce and care career strategy across the ICB and the ongoing work of Council departments in the availability of recruitment support and training opportunities.