

## Annex C: North Tyneside Market Sustainability Plan (Provisional)

### Introduction to the Market Sustainability Plan

North Tyneside Council is a unitary authority in the North East of England in the County of Tyne & Wear. It is 32 sq miles in size and is bordered by Newcastle to the west, Northumberland to the north the North Sea to the east and the River Tyne to the south.

The population of people 65 and over is as follows and is increasing over the next three years and more so over the next 10 years, with the greatest increase in 75+:

Age Range	2022	2023	2024	2025	% inc
People aged 65-69	12,500	12,800	13,000	13,300	6.40%
People aged 70-74	11,400	11,200	11,400	11,400	0.00%
People aged 75-79	9,100	9,800	10,100	10,300	13.19%
People aged 80-84	5,600	5,600	5,900	6,100	8.93%
People aged 85-89	3,600	3,700	3,700	3,800	5.56%
People aged 90 and over	2,000	2,000	2,000	2,000	0.00%
Total population 65 and over	44,200	45,100	46,100	46,900	6.11%

There are 3914 people in receipt of care services funded by the Authority in 2022/23 (to date).

The Adult Social Care priorities relating to care homes and home care provision are:

- Support people to go home on discharge from hospital, use dedicated intermediate care and other resources rather than short term placements;
- Reduce long term and short term placements into care homes;
- Continued use and development of extra care;
- Grow capacity in home care to support hospital discharge and community placements;
- Increased use of assistive technology to compliment paid care / support for individuals;
- Manage budget and expenditure across a range of different service types.

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

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

There are currently 30 care homes operating in North Tyneside that primarily support older people, there are other care homes that operate and support people with a learning disability, physical disability or with mental health problems.

Of the 30 older people's care homes:

- There are 1474 beds
- 17 homes delivering residential care only
- 12 homes delivering residential and / or nursing care
- 1 home delivering nursing / continuing health care only

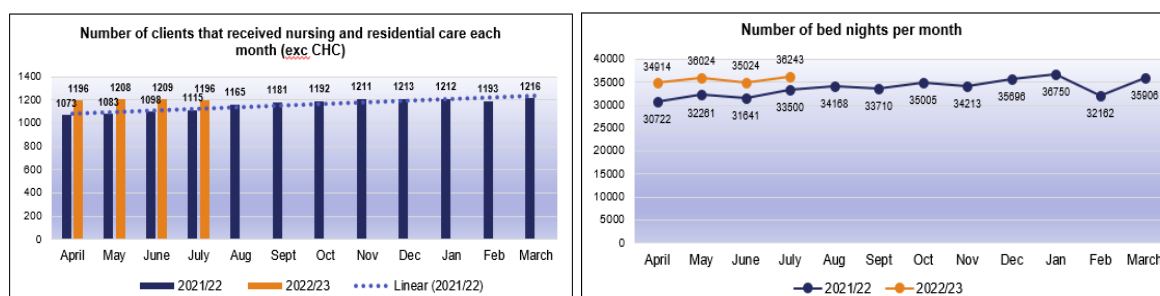
These 30 care homes range in size and some are part of large national organisations whereas others are regional or are small local sole provider.

Equally there is a mix of new build provision and converted older properties. Diversity of the market is therefore good, and we are not over reliant on any one particular type of provision. The range of provision type is set out in the following table:

	Small, 1-25 beds	Medium, 26-50 beds	Large, 51+ beds	Totals
<b>Local</b>	3	3	0	<b>5</b>
<b>Regional</b>	2	7	2	<b>11</b>
<b>National</b>	0	8	5	<b>13</b>
<b>Totals</b>	<b>5</b>	<b>18</b>	<b>7</b>	<b>30</b>

Occupancy is currently at 90%. This has increased from 86% prior to COVID. There are sufficient beds in the market, however we experience difficulty finding placements due to lack of staff/ recruitment issues. Whilst there are nearly 150 empty beds in the system there are only around 30 placements available on any given day due to staffing issues.

The overall number of people we are placing into a care home is increasing.

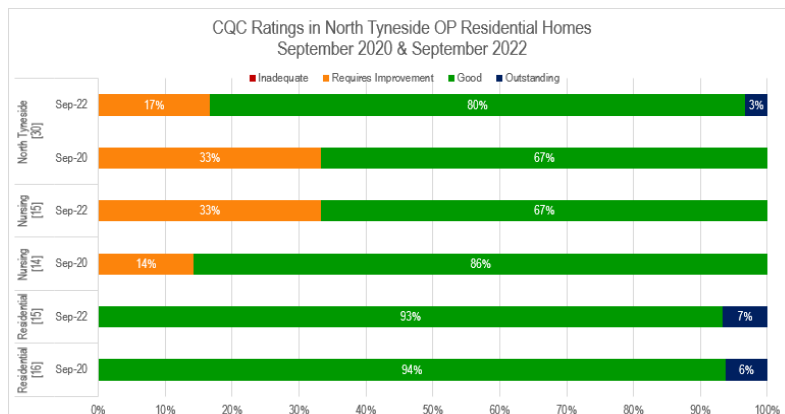


Within this we can see that nursing numbers are fairly static, it is residential numbers that are increasing. This has been both with long term and short term placements with short term placement increases peaking in May 2022 with around 100 additional placements compared to pre pandemic in May 2019. A number of short term placements have since become long term. The main reason for increase in short term is hospital discharge and limited availability / capacity of home care to support people back home.

Overall, the number of new long term admission has increased by 16 over the last year and short term admissions has reduced by 63, though this number is still high and we would expect this to continue to reduce further.

Care home placements are commissioned on a spot contract basis. Fee negotiations with providers are on-going annually and we have agreed fees for each of the last four years.

The overall quality of service provision is good. No homes are currently rated as inadequate and five nursing homes are rated as requires improvement by CQC.



There is a positive movement from 67% of care homes being rated as good to 83% now being rated as good with one being rated as outstanding.

We undertake an annual Quality Payment Assessment to determine the fee level to be paid to each home based on grades 1-4. 25 out of 30 older person's care homes are now grade 1 compared to 20 out of 30 homes last year.

Whilst there are always on-going issues with care providers in relation to service delivery, safeguarding etc, the overall movement from CQC and Quality Monitoring is positive.

Current fees paid from April 2022 are set out below (grade 1 only shown):

Care Type	Grading Level	2021/22 Weekly Fee	22/23 with 7.4%	22/23 with 8.6%*
Residential - general	1	£642.96	£690.54	£698.25
Residential - dementia	1	£679.62	£729.91	£738.07
Nursing - general	1	£642.96	£690.54	£698.25
Nursing - dementia	1	£679.62	£729.91	£738.07
FNC		£187.60	£209.19	£209.19
CHC top-up		£85.81	£92.16	£92.16

\* An additional 1.2% in-year only increase was agreed with providers (7.4% to 8.6%) to reflect additional cost pressures. The baseline returns to 7.4% increase rates for fee negotiations from April 2023.

We have seen only one care home closure in the last two years and this was as a result of low numbers and people moved to a sister home that the provider operated in North Tyneside. We also have three "new" care homes under development, more on this in section 2.

We have good provision of extra care across North Tyneside and two new schemes (with 100 self-contained apartments) that opened earlier this year. This provides additional capacity and an alternative to residential placements. One of the extra care schemes is specifically for people with dementia.

Our top three challenges for care home market / provision currently are:

- Recruitment and retention of care staff, also nurses (two homes have deregistered in the last 12 month from nursing to residential – due to reduced demand and recruitment of qualified nurses);
- Changes in demand, possible reduction in bed numbers and overall reduced occupancy;
- Uncertainty on rising costs and how these will be met in year and as part of inflationary increases going forward;

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

North Tyneside Council operates a domiciliary care framework and an accredited list, with 22 contracted providers in total currently in use in August 2022 (17 on the framework, 5 accredited). A further 10 non-contracted providers are currently being used to deliver a small number of services. This is due to capacity issues with main framework and accredited providers. New contracts are due from September 2023.

The Borough is defined by six geographical zones and each provider can operate in the zones of their choosing. There are higher rates paid in two of the zones which are less urbanised, where there are higher travel related costs and it has historically been more difficult to manage (approx. 10% more being paid).

The local domiciliary market is made up of three types of providers:

Locally owned and operated individual businesses	21
Franchised branches operated as individual entities but part of a larger organisational infrastructure	3
Branches owned and operated by large organisations	8

One provider has joined the market and one provider has exited the market in the last six months, affecting a small number of homecare clients. There have been two occasions where a provider has handed back a group of packages, affecting around 30 clients. This is mainly down to capacity to deliver due to reduced staffing levels.

The number of customers with a commissioned homecare service has decreased over the past five years, while the number of hours per person has increased. The decrease in customers is not a result of a decrease in demand; it is because the current homecare market does not have capacity to meet demand.

	No. customers	No. of hours	No. of hours per person
Sep-18	931	9932	10.7
Sep-19	928	9992	10.8
Sep-20	959	10846	11.3
Sep-21	820	9388	11.4
Sep-22	712	8407	11.8

Historically, it has been more difficult to identify care/support in the North West of the borough because of travel related issues e.g. distance between visits, poor public transport; though at present it is difficult to identify care across all areas of the borough.

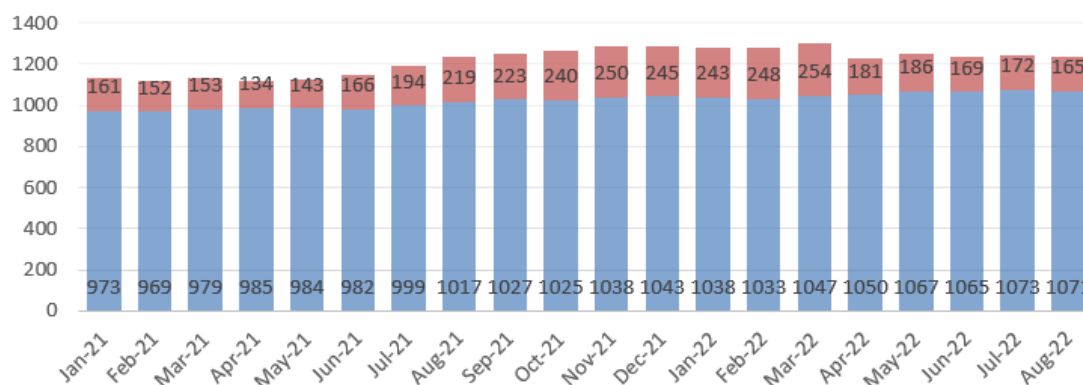
The brokerage waiting list had a high of 210+ people waiting for a homecare package earlier this year. Prior to covid the waiting list had around 40 people on it and seasonally this would increase to around 100 in the height of winter. When businesses temporarily closed in response to covid the waiting list reduced to zero at one point, when providers had an influx of new staff who joined when primary employers business was unable to operate; since then those staff have mostly returned to their previous employment.

The numbers of people on the brokerage list waiting for homecare has changed over the last three years, as follows:

Number of people waiting for a homecare package							
Sept 2019	20	Sept 2020	9	Sept 2021	174	Sept 2022	141

The Authority has recently created its own internal homecare team in response to provider failure, the market's inability to meet demand; and to crisis situations when providers handed back multiple packages. The team can support around 50 people at any time. Based on existing costs the internal homecare team would not be financially sustainable if it was in the independent sector.

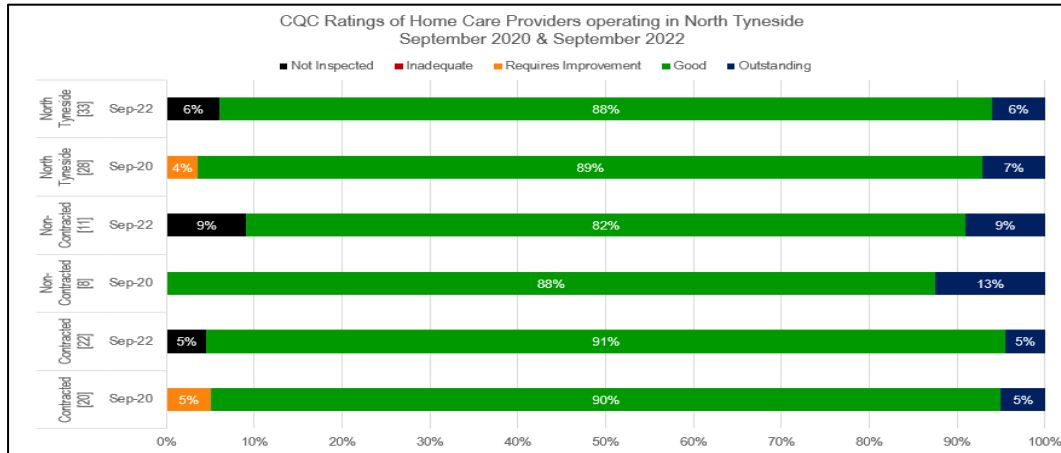
A number of short term placements have been set up because the homecare sector cannot meet demand. These placements are significantly higher in cost than the homecare services required and there is a risk they become long term placements. The following graph shows the numbers of short and long term placements and the movement since January 2021.



The following table shows the CQC ratings for home care providers over the last two years. Overall quality of service provision is good. No services are currently rated as inadequate or as requiring improvement; two services are rated as outstanding. Over the last two years a small number of home care providers have moved from requires improvement to good. Since 2020, services previously not inspected have since been inspected; and the one service rated as requiring

improvement is now rated as good. We have also seen a change in the number of providers over that time (28 to 33).

Some of these are new organisations that have met our accreditation criteria under the commissioning arrangements, but are yet to be inspected by CQC.



The service rates for 2022/23 are as follows:

HOMECARE SERVICE RATES		
GENERAL CARE	Zones 1 to 4	Zones 5 to 6
15 minute visit	£4.91	£5.40
30 Minute Visit	£9.58	£10.55
45 Minute Visit	£13.96	£15.34
60 Minute Visit	£17.34	£19.08

The increase of rates in April 2022 represented a 11.2% increase to 2021/22 rates; an additional amount was included to provide funding for providers to start paying their staff the Real Living Wage from April 2022. The

higher rates for zones 5/6 are in place to recognise the additional costs associated in delivering in those two areas of the borough.

In June 2021, consultation with fifteen home care providers demonstrated that NTC service rates were lower than any provider charged privately. Private fees ranged from £16.44 to £23.60 per hour.

Providers have been consulted numerous times on various aspects of homecare. They tell us their greatest challenges relate to:

- Staffing levels and difficulties with recruitment and retention (high turnover; staff pay; terms and conditions; perception of the role; petrol, transport and seasonal issues; ageing workforce; resource intensive and high cost with low reward; new staff remain with the provider and within the care workforce for a very short length of time; new staff don't really understand the role of a care worker). Providers report they are continuously trying to recruit staff and tend only to report on vacancies when they do not have sufficient staff to deliver their current service
- Being efficient with changing landscape (workforce changes; having efficient runs; balancing staff availability with service demands; managing non-productive time and costs)
- Market changes and market forces (increasing demand; inability to respond to increasing costs because of fixed price contracts; less profit and less

ability to re-invest; providers competing and priorities around quality and capacity; providers do not present comparable information when advertising care roles and people may move around with a higher expectation than is achievable)

There is a need to incentivise the market and provision to meet existing and future demand to support people to stay at home as long as possible.

Our top three challenges for the home care market / provision currently are:

- Recruitment and retention of care staff e.g. staff morale; time recruitment processes take;
- Costs of delivery; rising costs e.g. energy and petrol and increasing cost of living; and supporting providers to be more efficient in how they deliver care;
- Having a more attractive and better perceived adult social care sector: the care sector is not attractive to younger people; other sectors offer better terms and conditions with fewer responsibilities; there is a poor perception of care and it is not seen as valued.

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

Based on ONS projections the number of over 65s in North Tyneside is expected to increase by 6% between 2022 and 2025 which is slightly higher than the national expected increase (5.5%). People aged 65 and over currently make up 21% of the Borough's population, slightly higher than the regional figure of 20.7% and national data at 18.5%). The largest predicted increase 13.2% is in the number of people aged 75-79 and over from 9100 in 2022 to 10,300 in 2025.

The number of people by age, known to North Tyneside Council, living in a care home (all placements both in North Tyneside and out of area) or receiving a homecare service is currently (beginning Oct 2022):

<b>Age of person</b>	<b>No. care home residents, commissioned by NTC</b>	<b>No. homecare customers,</b>
Under 65		127
65-69	57	51
70-74	76	73
75-79	169	100
80-84	194	98
85-89	256	105
90+	302	144
<b>Total</b>	<b>1054</b>	<b>698</b>

Of the current people in the care homes:

- 43% are residential funded by NTC
- 7% are respite placements funded by NTC
- 12% are nursing funded by NTC and CCG
- 2% are continuing healthcare funded by the CCG

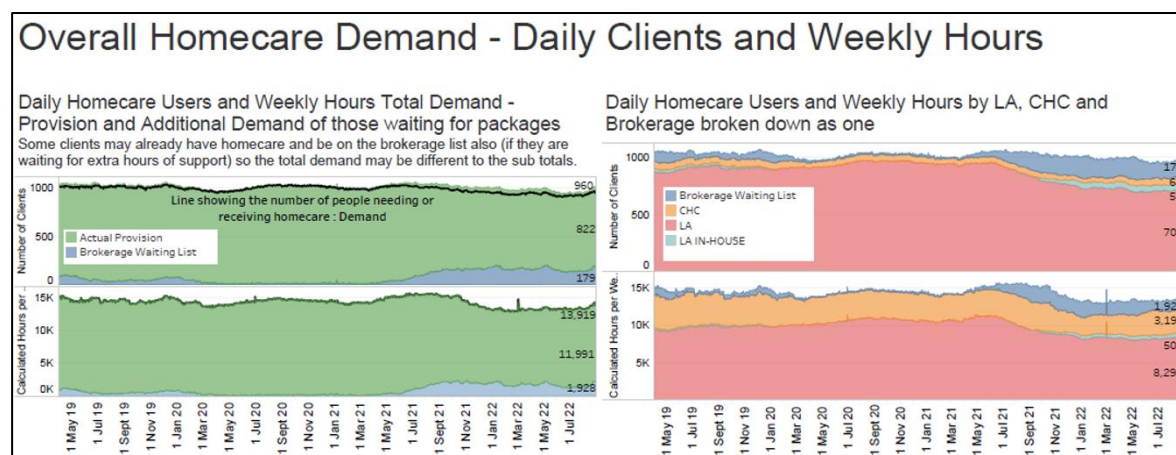
- 3% are NHS directly commissioned beds for intermediate care
- 6% are placements funded by other local authorities
- 27% are self-funded placements

Demand changes: We anticipate a number of changes in demand for care home and home care provision over the next 1-3 years and need to work proactively with the market to effect those changes. This will include:

- Increase in demand from numbers of people and how much care each person needs because of population projections and older people having more complex health and social care needs.
- Reduction in short term placements into care homes;
- Supporting people to go home following discharge from hospital – Home First model;
- Continued investment in intermediate care (through ICB and NHS arrangements) and also continued LA commissioned step down arrangements into extra care and some care home beds;
- Continue to prioritise home care and increase market capacity to meet current and future demand;
- Fully utilise current extra care provision as an alternative to long term care home placements and for some to delay the need to move into a care home environment;
- Increased use of assistive technology to compliment paid for care / support to individuals in their own home.

These demand changes are in line with Adult Social Care priorities.

However, the challenge with this is that the current supply is not operating at a sufficient level to meet the current and future demand.



We have seen a reduction in numbers of people receiving home care and a reduction in the numbers of hours delivered against an increase in the numbers on the brokerage waiting list.

This is also set against the increase in number of people that have moved into short term placements in the same period of time.



Market changes: We know there are an additional three care homes (160+ beds) awaiting final refurbishment and CQC registration. These would bring additional unwanted capacity and over supply into the market. The market is currently operating with 90% occupancy, though we expect this to reduce over the next three years as some of the demand changes highlighted above happen.

Two new extra care schemes opened in 2022, one of which is for people with dementia. Demand for the new generic scheme was high and it is anticipated schemes built in the right location with the right facilities will be desirable, offering a real alternative to both care home and homecare services. Extra care schemes are facing the same difficulties recruiting and retaining staff as homecare services and care homes. As a result, we have a number of void properties that have been let to people with low or no care needs because the on-site care team cannot meet demand. This creates a longer term problem for the Council in its aim to offer extra care to those most in need of an accommodation and care service.

A new homecare contract / framework arrangement will be put in place in 2023 when the current one expires. This gives us opportunity to work with our stakeholders on a model that supports high quality, effective and efficient delivery, but also gives us and the market capacity to deliver to meet need.

We would like to see a homecare market that has sufficient care staff to meet demand so that:

- People who need a homecare service are able to receive one
- There are no short term placements for people who are assessed as needing homecare
- People can return home from hospital in a timely way
- Short term services are available for those who do not need to be in hospital but who do need some additional support before they can return home; through intermediate care beds and step down beds

There are sufficient extra care services to meet current and future demand and these services are supporting people with an assessed care need. Increase in demand from numbers of people and how much care each person needs because of population projections and older people having more complex health and social care needs.

Impact of 18(3): Changes to the upper and lower thresholds and the care cap will therefore result in a substantial increase in the number of people eligible for a local authority contribution towards their care. This will be further increased if section 18(3) comes into force for care home placements. The projection for both these areas over the next three years is approx. £8m. The charging reform cost impact continues to increase annually thereafter as more people become eligible for financial support. Unless significant funding is put in place to match private fee rates and take account of changes to the thresholds / care cap then it is likely that take up will gradually increase as people realise that they will pay less if they ask the local authority to source care on their behalf.

Key challenges: The key challenges over the next 1-3 years are:

- Rising costs in the provision of care, some of this is to standstill let alone provide any additional funding for investment in improvement etc. The current cost pressures relate to energy costs (fuel and utility) as well as staffing costs to remain competitive and not lose staff to other sectors;
- Workforce – the care workforce is ageing; fewer people are joining the sector; new recruits tend to be from the existing workforce; there is a poor perception of care. Compared to other sectors, care staff have low pay for high responsibilities. Current provision is not sustainable without an influx of new staff;
- Impact of charging reforms and 18(3) with uncertainty of funding to support this.

Key opportunities: The key opportunities over the next 1-3 years are:

- Preparing for longer term demand based on population projections;
- New home care framework / contract to be tendered / procured in 2023, we will review current arrangements, best practice and engage with stakeholders in a new model of delivery;
- Using the cost of care exercise and the market sustainability plan to drive forward change and ensure there is sufficient overall capacity in the system to support people being able to access the services that are right for them at a point in time.

### **Section 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**

The Authority is committed to the delivery of high quality services that meet the needs of vulnerable people either in a care setting or for people living in their own homes.

The Authority recognises the value of a highly qualified, competent, capable and supported workforce to do this. This requires staff to be paid an economic level to encourage them to stay in care or to enter care. There are a number of other factors alongside this and through our engagement we have talked with providers and the market and have fed this into our workforce strategy. This is across and sectors and types of provision.

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

##### **Cost of care**

The table below shows the cost comparison for different care home types against current rates being paid to care homes:

<b>Care type</b>	<b>2022/23 fee rates</b>	<b>Cost of Care</b>	<b>Change</b>	
residential - general	£698.25	£711.58	£13.33	1.91%
residential - dementia	£738.07	£710.92	-£27.15	-3.68%
nursing general	£698.25	£728.15	£29.90	4.28%

nursing - dementia	£738.07	£738.75	£0.68	0.09%
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### Costs modelling

A number of considerations and assumptions are made in connection with the cost of care calculation and will feed into any future decisions on fee increases:

- Funded Nursing Care costs have not been included in the comparison above. The NHS funded nursing care amount is paid direct to providers for nursing placements;
- In general, most placements in older persons care homes in North Tyneside are made at the set rates, there will be some that are made with additional costs included (ie 1:1 additional support) but this is by exception and negotiated / agreed on a case by case basis;
- The category of enhanced needs in the toolkit is interpreted as dementia needs;
- Over the last year as part of care home fee negotiations we have agreed a differential in payment between general and dementia care of approx. £40 per week, this amount was increased to this level in April 2022. This recognises the additional staff provision and cost associated with this care;
- Baseline nursing rates (excluding FNC nursing payment) have been the same as residential rates – no differential. The cost of care model shows a differential in fees to be paid, which is not comparable;
- The residential dementia cost of care is lower than general cost of care and cannot be correct;
- The Authority currently operates a variable payment / banding system based on the outcome of a quality monitoring exercise, the comparisons in this plan are based on grade 1 costs. The Authority is reviewing this arrangement over coming months and will factor this into the finalised MSP;
- Adjustments in line with DHSC guidance have been made in relation to:
  - LHA housing rates for ROC
  - 7% for ROO
  - Occupancy at 90%
  - COVID grants, less PPE costs excluded
- The LHA adjustment potentially removes cost associated with higher levels of environmental quality for providers with self funder beds, this will be kept under review as we move towards and implementing the funding reforms.

### Costs to implement cost of care

The budgetary impact of implementing cost of care on current numbers of people in care is estimated at £0.371m per annum.

### Plans to move towards cost of care

Over the term of this MSP (the next 1-3 years), the Authority has set out its position in relation to care home requirement and changes in requirement needed to support more people at home for a longer period and delaying / reducing the need for a care home placement. This will be impacted also by changes in supply and the number of excess beds in North Tyneside.

This consequential change in demand and supply will also impact on cost changes over that time.

The Authority is currently reviewing and putting in place new procurement and contracting arrangements with care homes and will ensure that cost of care is part of this and also that the right amount of care home provision is in place to meet demand and to ensure financial viability and sustainability of the right level of provision for an effective and efficient number of care homes / beds in North Tyneside.

Notwithstanding the above, the Authority recognises that the charging reforms will also have an impact on rates paid. There is uncertainty that the costs associated with cost of care and charging reforms will be affordable within the Authority's existing resources over the next three years and additional funding through the Market Sustainability Fund is required to support and finance this change. Without any current certainty on the amount of allocation through this fund to support cost changes, the Authority is not able to give firm details of cost increases or timelines to meet cost of care within this plan.

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

The Cost of Care exercise recommended a blended hourly rate for standard homecare services across the borough as £21.59 per hour (22/23 levels). The report also showed, in comparison with other benchmarking data, that the cost line associated with travel cost is high and outside of the regional

This figure is to be adjusted down to £21.23 with travel costs being adjusted down from £0.96 to £0.60. This is compared against a blended weighted rate of £19.07 and is 6.4% higher.

The headline cost of care rates in comparison to current rates paid is set out below:

<b>Time duration of call</b>	<b>Zones 1-4</b>	<b>Zones 5/6</b>	<b>Cost of care *</b>
15 minutes	£4.91	£5.40	£6.81
30 minutes	£9.58	£10.55	£11.38
45 minutes	£13.96	£15.34	£15.94
60 minutes	£17.34	£19.08	£20.51

\* further review to reduce travel cost to short call rates

The above rates for short calls are not calculated at pro-rata the hourly rate.

The Authority does not commission short calls / visits at a pro-rata of the standard hourly rate, the short call cost is adjusted to reflect cost difference, ie travel time and travel cost. The Authority currently pays all providers fixed rates, unless they are a non-contracted provider and a service has been spot purchased outside of the framework and accredited list.

## **Cost modelling**

A number of considerations and assumptions are made in connection with the cost of care calculation and will feed into any future decisions on fee increases:

- Differential rates are paid for different time allocations and the cost of care exercise gives a set of figures for this to continue and may be based on different percentages of the full hourly rate. The current methodology will be reviewed on this basis;
- The current home care contract / framework is due to be re-procured and tendered in 2023. The Authority will engage with providers and the market as well as other stakeholders to review and identify any changes / benefits that can be put in place with the new arrangements;
- A higher rate is paid on two areas of the borough and the Authority will review the continued need for this enhanced payment as part of the implementation of cost of care.

## **Costs to implement cost of care**

The budgetary impact of implementing cost of care on current service levels is estimated at £87k per 1% increase. This is estimated at £0.506m per annum and this is further increased as demand and numbers of people accessing home care increases.

Note this is a standstill position estimate and does not take account of any changes or cost improvements needed to grow the market and supply to meet future increase in demand.

## **Plans to move towards cost of care**

Over the term of this MSP (the next 1-3 years), the Authority has set out its position to home care and changes in requirement needed to support more people at home for a longer period and delaying / reducing the need for a care home placement. Alongside this the Authority will work with providers and the market to ensure it delivers effectively and efficiently and costs associated with delivery are maximised. This includes reviewing:

- Effective brokerage function;
- Practical onboarding of new providers to the framework to ensure resilience is maximised;
- Ongoing quality assurance interventions that gives assurance that provision is being delivered safely and in line with service requirements / standards;
- Building a more collaborative environment for providers;
- Successfully reviewing actual service delivery in near real-time to identify opportunities for efficiencies and deployment (to increase staff utilisation across all providers and to reduce Brokerage lists);
- Developing potential recognition and reward systems so that high performance was acknowledged and accelerated;
- Mechanisms to support providers who are struggling with operational issues and/or at risk of failure;

- Review use of assistive technology to support provision.

The Authority wants to grow the home care market to meet current and future demand requirements. There are significant challenges in doing this and will need to be supported by a comprehensive local workforce plan to support recruitment and retention of a skilled, competent, and supported care workforce now and into the future. This will be linked to regional and national strategies. Note, this cannot be implemented overnight and is wider than just cost / rates of pay

Notwithstanding the above, the Authority recognises that the charging reforms will also have an impact on rates paid. There is uncertainty that the costs associated with cost of care and charging reforms will be affordable within the Authority's existing resources over the next three years and additional funding through the Market Sustainability Fund is required to support and finance this change. Without any current certainty on the amount of allocation through this fund to support cost changes, the Authority is not able to give firm details of cost increases or timelines to meet cost of care within this plan.

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