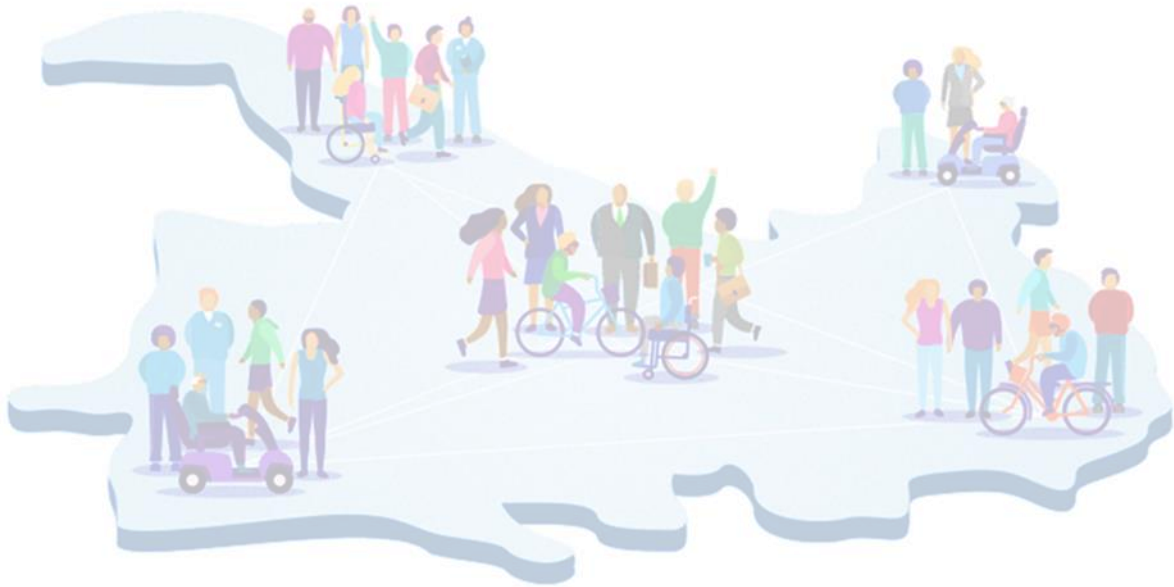


Fair Cost of Care Market Sustainability Plan 2022 - 2025



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

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

General Market Position

In 2021, Census data revealed there were 45,600 people over 65. 13,200 of those are aged 80+. The life expectancy in borough is increasing to 81.18 for men, and 84.79 for women (2019, ONS).

There is a lively care market in Solihull, with new care homes opening/ seeking planning approval all the time. This means that there is a mix of older, smaller homes and purpose-built new homes in the borough. Most new developments have focused on the self-funder market. In response, the Council has stimulated the development of two new affordable homes over the last five years.

As of the 25 January 2023, there were 350 people receiving care via Solihull Council placements in care homes in Solihull for dementia or frailty, and an approximate estimation of 900 self-funded placements. Of this, 195 Council placements and approximately 300 self-funders were dementia related. There are 30 care homes explicitly providing care to older people.

Supply Sufficiency and Continuity of Care

A significant proportion of our independent care supply is aimed at the self-funder market. This means that whilst there are higher than average bed levels per head of population, the Council currently has over 200 people placed in homes outside of the borough. The geography of Solihull plays a part in this, as there are limited care homes in the north of the borough, and it can be closer to family members if a person has their placement just over the border in Birmingham. Other placements out of borough are for reasons of affordability or more specialist dementia provision.

Solihull Council's process for care home placements is to seek the most suitable provision in terms of quality and cost within a 5-mile radius. Solihull Council has block contracts with eight older people's care homes in borough, accounting for 149 beds, and has been working with the local market to try to bring more provision in to the local homes. Extra effort was made to source Pathway 2 discharge capacity within Solihull to connect to networks of support to enable return home, where possible. There is good continuity of care with few people moving between homes because the home can no longer meet their needs.

Market Diversity

There are 1,604 older people's beds in borough.

| Bed Classification | Solihull Capacity |
|--|--------------------------|
| 65+ care home places with nursing, enhanced needs | 205 |
| 65+ care home places without nursing, enhanced needs | 420 |
| 65+ care home places with nursing | 212 |
| 65+ care home places without nursing | 722 |
| Mental Health with nursing | 26 |
| Mental Health without nursing | 16 |

Average bed capacity is approximately 50 beds per provider, with a maximum of 109 and a minimum of 20. There are nine providers with fewer than 40 beds, 20 that have between 40 and 80 beds, while two homes have more than 80 beds.

A significant proportion of the care home capacity in Solihull is aimed at those who fund their own care, and this continues to be reflected in the newest developments in the borough. The Council commissioned 93 affordable dementia and nursing places in new developments in the north and south of the borough to ensure that those who needed it could remain close to their communities where possible.

We anticipate that there will be a greater impact from the current inflationary pressures on the small residential care providers in the borough who have lower contingencies to manage price changes and reduced bargaining power with suppliers, including energy suppliers. Additionally, there are several older homes in the borough for whom planning restrictions attached to those properties make it challenging to improve the energy efficiency of their buildings.

Quality, Concerns and CQC Ratings

Solihull's current 65+ care home market is predominantly rated good by CQC (23 providers). We have one outstanding provider, and five providers requiring improvement. There is one new provision not yet rated by CQC. Council officers work with providers directly to monitor and improve service quality, supporting with access to practical help from NHS services, training, and workforce recruitment. Where providers have improvement plans, these are regularly reviewed by dedicated Quality Officers.

Commissioning and Fee Rates

In the local 65+ care home market, there is a mix of provision and commissioning arrangements. There are block contracts with a number of homes, which take the Council's standard fee rate. These are the first offer for suitable placements. There are then providers who are on a Flexible Contracting Arrangement who also accept the Council's rates, who are the second tier for referrals, and then a number of spot arrangements for other placements, working to find affordable placements within a five-mile radius of Solihull. A significant proportion of placements are made just over the borders, for example into Birmingham, as referred to above.

Solihull Council's investment in the residential market includes a long term block contract for 63 out of 70 beds in a care home built as part of a redevelopment in the north of the borough. The second is for 30 out of 60 places in a dementia care home designed and built by the Council and operated by a care home provider under long term contract.

Solihull Council standard rates for placements are:

| Care Type | Cost Per Week |
|--------------------------------------|---------------|
| 65+ care home places without nursing | £586.04 |

| | |
|--|----------|
| 65+ care home places without nursing, enhanced needs | £681.59 |
| 65+ care home places with nursing | £676.48* |
| 65+ care home places with nursing, enhanced needs | £739.62* |

* Excluding Funded Nursing Care (FNC)

Workforce and Recruitment Challenges

As of 2020/21, the level of zero-hour contracts in the Solihull care sector was at 20%¹ compared with 25% in the West Midlands and 25% in England. There is a 26.9% staff turnover rate², which is lower than the national turnover rate at 29.5%, though a high proportion (62%) of the turnover is to other care roles. These challenges are being addressed within the Council's Adult Social Care Workforce Strategy. This has helped to identify additional challenges that providers are facing and provide support for these areas such as costs associated with overtime, retention, recruitment, and training, alongside the introduction of transport pilots, such as electric cars and scooters.

The National Living Wage increase in April 2023 does not mitigate the workforce challenges faced by providers as the increase applies to all sectors and does not address the pay gap issues across the health and social care sector. In a competitive local economy, the increase alone does not improve the attractiveness of working in the care sector. The scale of the increase, whilst positive for workers, makes it even more challenging to give above inflation increases to workers to close that gap, because of the impact on margins and prices.

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

General Market Position

Census data shows that of the 45,600 people in aged over 65, around 12,500 live alone³. In addition to the market position above for older people's care homes, we recognise additional challenges regarding care at home including social isolation, loneliness, and depression; unpaid carers, many of whom will be older people with their own care needs; and an increasing cost of care due to the current high levels of inflation.

Supply Sufficiency and Continuity of Care

There are 34 providers in Solihull and over half have contracts with Solihull Council. The business model for many providers is marketed and reliant on self-funders which is estimated from the capacity tracker information to be in excess of 1,200 domiciliary care clients. Solihull Council's domiciliary care for adults is primarily provided by 2 lead providers, covering the most populous areas of the borough with support providers predominantly in the lower density areas. Both are located and registered outside Solihull.

¹ Skills for Care Solihull Area Profile 2020/21

² Skills for Care Solihull Area Profile 2020/21

³ Currently 2011 Census – awaiting national detail for 2021

Overall, there is a sufficient supply of affordable provision, however there are challenges in some specific postcodes: CV7 & CV8. Much of the workforce travels into Solihull from Birmingham, and these areas are the most distant. Pressures are also faced at certain times of the year such as in summer holidays, religious celebrations, and most national holidays in terms of availability to pick up new work.

Meeting the needs of people who regularly display distressed behaviours can be challenging for providers. The Council will be reviewing how to ensure suitable provision is available as part of the recommissioning of Care at Home to be completed by April 2024.

Market Diversity

The Care at Home market in Solihull is predominantly made up of independent providers from Solihull or providers operating in the Warwickshire, Coventry, and Birmingham sub-region. Most companies are small, private limited liability companies, which focus solely on domiciliary care. There are some which also provide extra care housing or supported living, and a small amount of live-in care. There is a limited number of providers who operate in both the domiciliary and residential markets, and these are charity providers, often for young adults with disabilities.

Quality, Concerns and CQC Ratings

Solihull's current 18+ domiciliary care market is predominantly rated good by CQC (46 providers). We have one outstanding provider, and five providers requiring improvement. There are currently four providers not yet rated. We work with providers directly to monitor and improve service quality.

Generally, there is a good level of customer satisfaction reported on Care at Home, and where there are quality concerns raised these mostly relate to late or curtailed calls. This reflects the scheduling pressures in the local care at home market caused by a shortfall in workforce capacity.

Contracted providers are monitored closely, and any emergent issues are subject to local action plans to ensure resolution.

Commissioning and Fee Rates

Lead provider contracts are in place following a competitive tender process undertaken in 2016/17. The lead providers are contractually obliged to take all care packages within these geographical areas. These areas cover two-thirds of the borough with the remaining geographical areas covered through spot contacted services. These contracts are due to expire on 31st March 2024.

Lead and spot providers receive £19.36 an hour for care, except in CV7, CV8 and lower density areas where the fee is £21.40. The brokerage team can commission ad hoc contracts with more expensive providers where it is necessary to meet exceptional needs.

Specialist provision for hospital discharge and reablement is also commissioned but out of scope for the Fair Cost of Care exercise.

Workforce and Recruitment Challenges

The Adult Social Care Workforce Strategy sets out the current local challenges and the Council's approach to addressing them. ([Solihull Adult Social Care Workforce Strategy 2022 to 2027](#)).

The National Living Wage increase in April 2023 does not mitigate the workforce challenges faced by providers and care staff. The NLW increase does not address the pay gap issues across the health and social care sector or improve the attractiveness of working in the care sector in a competitive local job market. Inflationary pressures, specifically high fuel costs, has a direct and disproportionate impact on care at home workforce because these costs are not reflected in revised mileage reimbursement rates.

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

General Projected Change

Solihull has an ageing population. The number of residents aged over 65 has increased from 39,596 to 45,600 between the 2011 Census and 2021 Census. The number of residents in their 90s has increased by 33% in the same time period. Younger adults with disabilities are also living longer, meaning an upward trend in the number of younger adults the Council supports.

The Council is committed to supporting people to maintain their independence as far as possible. Our modelling suggests that current market availability for residential and nursing care is sufficient. However, we anticipate increased demand for both Care at Home, and support in the community for younger adults. This will require an increase in workforce capacity for Care at Home. For community care, the re-commissioning of the Care at Home contracts to begin in April 2024 will have an impact on the shape of the local market. The Council has begun the engagement process with care providers to understand how increased demand can be met in future. This is supported by the Institute of Public Care

The delay to the charging reforms is likely to disincentivise providers who are not currently working with the council from considering actively taking Council funded / part-funded placements. It is also anticipated that this may result in some changes to the nature of new development in borough, which has been rapid over the last 10 years.

Strategy

Solihull Council's strategic approach to the care market is to influence the nature of provision to match local needs and support the sufficient workforce to ensure good quality care and resilient services.

In terms of the residential care market, the Council has identified some areas of the borough as oversupplied (e.g., Shirley) and other areas, particularly the less affluent, as having insufficient supply. The Council seeks to talk with all potential developers to ensure that new homes align with need and are coordinated with the local health system to ensure they can be safely supported. The Market Position

Statement is currently being refreshed to make clear to the market the Council's assessment of need.

For Care at Home, significant progress has been made in creating a stable and good quality care at home supply. However, the Council continues to work to ensure that there is resilience in the system to meet fluctuating levels of demand.

Care Act 2014

Proposed changes within Section 18 of the Care Act will increase the responsibility of Local Authorities to support self-funders. Self-funders can ask for support and for the Council to commission services on their behalf. We anticipate a significant increase in the number of self-funders that the Council will support. This reflects the high numbers of self-funders in the borough and the local care market is aimed at this group. The impact of Fair Cost of Care and Funding Reform are likely to bring some challenges to those homes, who will need to set out the extras that people are paying for if they do not revise their self-funder fees. This can therefore potentially impact on providers' business and operational models, especially for those with a high reliance on the self-funder market.

Legislative changes are proposed to allow first-party top-ups which may result in self-funder rates for residential care being sustained. There is also a potential for top-up payments to be allowed for the domiciliary care market. The delay in implementing some aspects of planned reform have created uncertainty about the future of these proposals and their likely implementation. In Solihull, we will continue to work towards the changes and with self-funders to better understand their needs.

Fee Oversight

Fees are reviewed annually, looking at the impact of changes to the National Living Wage and CPI levels on the fee models for the various care types, to work out fair levels to uplifts. Where there are particular challenges in a given part of the care sector these are also taken into consideration. There is ongoing dialogue with providers about market pressures in months leading up to fee setting.

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

Note: As part of these plans local authorities should also demonstrate how they complement other strategic documents, such as, but not limited to their Market Position Statements and demonstrate how they have worked with local providers to develop the plans in this section.

(a) 65+ care homes market

- We have prioritised the grant allocations for 2022/23 and 2023/24 for care at home aligned our intentions to the national policy directive of supporting people to live independently at home for as long as possible and enabling timely hospital discharges.
- The use of the grant allocation to move towards for the median cost for residential care is in 2023/24 with the following rate changes:
 - Residential Standard – rate increase of £53.20 per week
 - Residential Dementia – rate increase of £44.24 per week

- Nursing Standard – rate increase of £52.31 per week
- Nursing Dementia – rate increase of £49.88 per week
- The table below shows the rate changes for residential care from the grant allocation. It is the Council understanding that the 2024/25 funding is a continuation of the 2023/24 funding but not additional, therefore the movement towards the median cost happens during 2023/24.

| Care Type | 2022/23 | 2023/24 | 2024/25 |
|---|---------------|----------------|----------------|
| | Standard Rate | Standard Rate* | Proposed Rate* |
| 65+ care home places without nursing | £586.04 | £639.24 | £639.24 |
| Residential Dementia | £681.59 | £725.83 | £725.83 |
| 65+ care home places with nursing** | £676.48 | £708.79 | £708.79 |
| 65+ care home places with nursing, enhanced needs** | £739.62 | £789.50 | £789.50 |

* Standard rate before an uplift for inflation has been applied

**Excluding Funded Nursing Care (FNC)

- The plan reflects the movement in the standard rate of care paid for our placements, and the impact of lifting all rates below the proposed rates to that in the modelled costs.
- The actual gap between the median cost and the price for care is much closer due to the standard rates only applying to a minority of placements. The daily negotiation of actual placement costs with the market means that the difference reflects negotiated prices with the market based on individual need. The providers which accept the Council's standard rate are on block contracts and have the benefit of void payments, which the wider market does not, which also compensates for the current price.

| | 65+ care home places without nursing | 65+ care home places without nursing, enhanced needs | 65+ care home places with nursing* | 65+ care home places with nursing, enhanced needs* |
|------------------------|--------------------------------------|--|------------------------------------|--|
| Current Average Price | £747.07 | £724.03 | £761.76 | £802.47 |
| Calculated Median Cost | £783.91 | £892.85 | £827.92 | £886.17 |

* Excluding Funded Nursing Care (FNC)

- Through the Council's budget strategy work, inflation will be applied to our rates to keep step with changing costs as far as possible alongside consideration of other adult social care and Council pressures. The Council is committed to move towards a fair cost of care in line with funding

allocated from the Fund but cannot commit to unfunded proposals for increased fees.

- Solihull has a track record of delivering inflationary increases to providers, calculated on the impact of different inflationary elements on the cost of delivery.
- The Council is supporting local providers through its Workforce Strategy, offering block contracts within borough, and sponsoring a Solihull Care Association to support provider collaboration.
- Market engagement forums and provider forums are used to engage with all providers in the care sector. Engagement with the care provider market has taken place throughout the Cost of Care Exercise. The outcomes of the Fair Cost of Care exercise and 2023/24 inflation considerations were shared with providers at an engagement event attended by 77 providers on 25 January 2023. Providers did not raise issues with the calculated rates but did express frustration that those rates could not be immediately implemented.

(b) 18+ domiciliary care market

- The 2022 to 2023 grant allocation has been prioritised for care at home, aligned to the national policy directive of supporting people to live independently at home for as long as possible and to help address the particular local workforce challenges and enable timely hospital discharges.
- The standard rate for care at home was increased by £1.36 per hour from 10 October 2022.
- The 2023 to 2024 grant allocation will continue to be prioritised for care at home with a further increase of £0.64 per hour to the standard rate for care at home.
- The standard care at home rural will increase by £0.80 per hour, the calculated median rate for care at home.
- The table below shows the rate changes for care at home from the grant allocation. It is the Council's understanding that the 2024/25 funding is a continuation of the 2023/24 funding but not additional, therefore the movement towards the median cost happens during 2023/24.

| | 2022/23 | 2022/23 (10 Oct 22) | 2023/24 | 2024/25 |
|--------------------|----------------|--------------------------------|----------------|----------------|
| | Standard Rate | Standard Rate | Standard Rate* | Proposed Rate* |
| Care at Home | £19.36 | £20.72 | £21.36 | £21.36 |
| Care at Home Rural | £21.40 | £21.40 | £22.20 | £22.20 |

* Standard rate before an uplift for inflation has been applied

- Unlike residential and nursing care, almost all placements are at these standard rates, and therefore the difference from the current median greater.

- These funding increases impact over 1000 home care packages, and therefore use of the funding in this way in maximising the impact in terms of the numbers of placements supported.
- The Council will retender for its care at home services during 2023. Recognising that moving towards the calculated cost of care will be an expectation of the market, we will give due regard to the outcomes and data obtained from the Fair Cost of Care exercise in the tender process. Through our tender engagement activity, we are working collaboratively with the provider market to shape the future service delivery model.
- Through the Council's budget strategy work, inflation will be applied to our rates to keep step with changing costs as far as possible alongside consideration of other adult social care and Council pressures. The Council is committed to move towards a fair cost of care in line with funding allocated from the Fund but cannot commit to unfunded proposals for increased fees.
- The Council is supporting local providers through its Workforce Strategy, offering block contracts within borough, and sponsoring a Solihull Care Association to support provider collaboration.
- Market engagement forums and provider forums are used to engage with all providers.
- Engagement with the care provider market has taken place throughout the Cost of Care Exercise. The outcomes of the Fair Cost of Care exercise and 2023/24 inflation considerations were shared with providers at an engagement event attended by 77 providers on 25 January 2023. Attendees did not raise any concerns or challenges about the indicative rates shared.