



# **Sefton Metropolitan Borough Council**

## **Adult Social Care**

### **Care Homes and Domiciliary Care**

#### **Market Sustainability Plan**

**2023 to 2026**

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# Section 1 - Introduction, Aims and Ambition

## Introduction

This Sefton Care Homes and Domiciliary Care is our first Market Sustainability Plan, that supports in detail our deep self-assessment of care homes and domiciliary care as a care sector across Sefton, in responding to the national requirements of the Care Act 2014, and the Department of Health and Social Care (DHSC) National Fair Cost of Care Guidance.

As part of the government's adult social care reform agenda, the Council is required to complete a cost of care exercise. The aim of this is to reach a shared understanding with local care providers cost of providing care, by using the tools provided by the DHSC.

This included producing and publishing this market sustainability plan about how we plan to move towards a fair cost of care over the next three years. To take part in this exercise, we needed to identify the local costs in Sefton for the following care categories:

- 65+ care homes
- standard residential care
- residential care for enhanced needs
- standard nursing care
- nursing care for enhanced needs
- 18+ domiciliary care

This exercise and the national funds being made available to local authorities "whilst funds don't cover the gaps needed" across the UK, it is designed to support:

- The preparation by local authorities of their markets for reform, including the further commencement of Section 18(3) of the Care Act 2014, subject to confirmation from government as to the actual start date, given the delay announced at the autumn statement reporting and that:
- Local authorities set out how they may move towards paying providers a fair cost of care.

For the purposes of the exercise, the Department of Health and Social Care (DHSC) consider 'fair' to mean the median actual operating costs for providing care in the local area (following completion of the exercise). 'Fair' also means what is sustainable for the local market. This is, on average, what local authorities are required to move towards paying providers.

The government recognise the complexity of local care markets, and the risk of oversimplification, but that it is necessary to find a way of standardising cost reporting. The median is designed to reflect that there are a range of local costs. We hope you find our Sefton Care Homes and Domiciliary Care Market Sustainability Plan useful and informative. We do understand the main audience who may be interested is care homes and domiciliary organisations, and health and social care partners. For more information, please open the below weblink:

[Market sustainability and fair cost of care fund 2022 to 2023: guidance - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/market-sustainability-and-fair-cost-of-care-fund-2022-to-2023)

## Adult Social Care Aim, Ambition, Vision

Our aim is for our residents of Sefton to enjoy the best quality of life, based on choices that are important to them, living and aging well as a Life, Lived Well, in this regard *Our Vision for Adult Social Care – we want to offer care and support that empowers people to live an independent life, exercise choice and control, and be fully informed.*

Our Aim and Vision is underpinned by our Sefton Council Plan –

### [Vision and Core Purpose \(sefton.gov.uk\)](https://sefton.gov.uk)

We recognise that people want to live in the place they call home with the people and things that they love, in communities where residents look out for one another, doing the things that matter to them.

We know that what we offer has an important role in supporting people to remain healthy, connected, and independent in their communities whether that be through the provision of information and advice, access to universal or prevention support, or more intensive support to those who need it.

We want to be part of ensuring the people, get the opportunity to lead A Life, Lived well. We know from our experience, the experience of our partners and by listening to people who access and use services, that people do not want to rely on adult social care, they want a life, that promotes good health and wellness, that supports them to get the right support, at the right time, in the right place, when they need it the most and that people can be connected to their communities, drawing on the community support that they need.

We know that good communities care and look out for one another and value people as individuals allowing them to focus on what matters to them personally. Everyone has contact with family and or friends, access to hobbies, interests, and opportunities to grow allowing them to thrive.

When people do need help early, it comes from their connections and is focused on helping, people to remain well, independent first, by drawing on a wide range of community support. Supporting people to achieve their outcomes through flexible, personalised, strength-focused, accessible, and responsive support.

Our ambition is that people will co-design the support they need - they will not give a one size fits all service. If people do need help that support intensively will be over a short period of time, so that they can quickly regain independence, stable, and in control in their lives. When young people with more complex needs move from children's social care into adulthood, they and their families are supported to make the transition, with the right support, at the right time and again in the right place.

Our ambition is supported and driven by our developing Early Help and Prevention offer, that will:

- ✓ Support people to live as healthily as possible, both mentally and physically
- ✓ Reduce the use of health and social care services, including primary care, emergency services, and hospitals.
- ✓ Support people to self-serve, by using technology and support systems, great access to information, advice and signposting.
- ✓ Prevent or reducing the escalation of health and social care issues from getting worse.
- ✓ Combat inequalities, isolation and loneliness.

- ✓ Support people to stay as independent as possible, in a place they call home.
- ✓ Support more seamless integrated support, closer to home, where people need the support the most.
- ✓ Support people to have a voice, in the decisions we make and changes we want to put in place.

This will mean health and social care working much closer together in what we call a more seamless way by looking at how we can integrate and codesign change together. The White Paper: 'Integrating care building strong and effective integrated care systems across England' explains how under the Health and Care Act 2022, from July 2022 the law allows health and social care to work more closely together in partnerships through Integrated Care Systems (ICS). To read more about this please open the below useful Sefton Partners Place Plan weblink:

## [Sefton Partnership](#)

### **What do we mean by an Integrated Care System?**

Integrated care systems (ICSs) are partnerships that bring together providers and commissioners of NHS services across a geographical area with local authorities and other local partners. That means they can collectively plan health and care services to meet the needs of their population. The central aim of an ICS is to join up care across different organisations and settings, connecting hospital and community-based services, physical and mental health, and health and social care.

ICSs are part of a fundamental shift in the way the health and care system is organised. Following several decades during which the emphasis was on organisational autonomy, competition and the separation of commissioners and providers, ICSs depend instead on collaboration and a focus on places and local populations as the driving forces for improvement.

## Section 2 - Adult Social Care Population and Market Challenges

Sefton is a Council that serves 276,410 residents with stark contrast in standards of living and income and a range of Health and Social Care, the area has a unique socio-economic geography. In its entirety it is in the most deprived fifth of English Local Authorities, with 27 of the 189 Lower Super Output Areas (LSOA) being in the top 5% nationally (17 of these being in South of the Borough). Yet other parts of the Borough, particularly in the middle and North, are some of the least deprived areas, with seven LSOAs (six of which are in the North of the borough) were in the least deprived 5% of areas nationally).



**If Sefton was a village of 100 people**



For more information about Sefton population please open the following weblink:

[Joint Strategic Needs Assessment \(JSNA\) \(sefton.gov.uk\)](http://sefton.gov.uk)

## Market Challenges

Sefton as with other areas is experiencing significant market challenges and these challenges are both a mixture of those that crosscut most sectors or are specific challenges within certain sectors.

These challenges can be summarised as:

1. **Changes in demand / ability to meet demand / Ageing Population** – in some sectors demand ‘outstrips’ supply, together with issues such as people being placed in care homes who have higher acuity / needs levels. For example, the care home sector is experiencing increased levels of vacant beds within homes whilst at the same time there is increased demand for Domiciliary Care services. It also needs to be highlighted that such changes do not solely relate to Local Authority commissioning practices but relate to wider societal changes.
2. **Recruitment & retention / Workforce Development** – ability to attract and retain Staff into the care sector coupled with lack of recognition of the vital role that they play in the wider Health and Social Care System. Additional challenges linked to the point above relating to changes in demand.
3. **Impact of the COVID pandemic** – markets are still experiencing the after-effects of the pandemic, such as with respect to Staff wellbeing, reduced demand for some services and the introduction of new ways of working.
4. **Fee rates / cost of living and inflationary pressures** – cost pressures affecting markets and Staff. For example, increasing energy costs and the need to ensure that Staff pay rates support with recruitment and retention issues.
5. **Adaptation of Services** – reflecting changes to ways of working and increased use of Technology Enabled Care Solutions, for example within Supported Living schemes. Also seeking to adapt services to reflect wider strategic objectives, such as supporting more people to remain in their own homes and to provide more shorter-term interventions to support people to regain their independence.
6. **Commissioning Practices** – including lack of fully integrated commissioning. A challenge for markets is that their services need to operate in line with various Commissioners requirements. There is also a need to ensure that greater joint working and co-production takes place so that Providers can contribute more and impart their knowledge and experience of delivering services so that any commissioning is sustainable.
7. **Demand Management** – there is a need to ensure that demand is effectively managed, and that Providers play an integral role in this work and deliver services in ways that help manage demand and adapt quickly to changes in needs.

## What is the purpose of the Market Sustainability Plan?

Under The Care Act 2014, local authorities have a duty to promote the efficient and effective operation of a market in services for meeting care and support needs, with a view to ensuring services are diverse, sustainable and high quality for the local population, including those who pay for their own care. Sefton Borough Council must assess and demonstrate how it will ensure their care markets, in relation to 65+ care home services and for 18+ domiciliary care services, are sustainable, as they move towards implementing reform.

The Market Sustainability Plan will assess the impact current fee rates are having on the market and the potential future risks (particularly in the context of adult social care reform).

The assessment will enable Sefton Adult social Care to inform the development of mitigating actions, including how much we may need to increase fee rates over the three-year spending review period, deemed to be affordable subject to the Government supporting the Council to fund the gap that presents.

Our Sefton Market Sustainability Plan also complements and underpin other strategic documents, such as our Sefton Council Plan, Our Health and Wellbeing Strategy, Adult Social Care Vision and Ambition, Our Market Position Statement, demonstrating how we have worked with providers “as partners” to develop this plan.

Sefton Adult social Care is working closely with providers “as partners” so that we can prepare the market for reform and develop a shared understanding of evidence around the local costs of care to better understand where fee rates may need to increase over the next year, with a clear view on the identified funding gap from the local cost of care exercise.

Our plan is not fixed, it will continue to be developed through engagement with our care market place and work to develop market shaping engagement forums will take place over 2023, working with a wide range of care and support partners.

## What is Market Shaping?

Market Shaping has a very important role to play in delivering on this plan, given it represents the interface between strategic commissioning and the delivery of outcomes supporting people to live a life well in Sefton. Market Shaping acts as a strong facilitator of change, improvement across the market working as equal partners across health and social care and also empowering people who access and use service to have a strong voice.

Market Shapers are people, with the skills and experience from a wide range of health and care services, including people with lived experience, who have an invested interest in co-designing together what change, and improvement should look like now and longer term. Market Shaping operates under a collaborative commissioning framework as detail in this plan under Sefton Adult Social Care Commissioning Support Officer. It also supports the deliver and monitoring of Sefton Market Position Statement, which you can find by opening the below weblink.

[Market Position Statement for Adults  
\(sefton.gov.uk\)](https://sefton.gov.uk)



## Section 3 - Care Homes and Domiciliary Care Market Sustainability Self- Assessment

### Assessment of current sustainability of the 65+ care home market.

Sefton has a high number of 65+ CQC registered care homes across the borough. Out of a total of 123 registered care homes in Sefton (encompassing 3,629 beds), 89 are registered for older people and encompass 3,349 beds. This means that out of the total number of care homes in Sefton 72% of the homes are for older people, but these homes account for 92% of the total bedspaces.

Of these 89 care homes, 63 homes (2,228 bedspaces) are in North Sefton, however this reflects both the demographic profile of the borough and also the fact that the North / Southport area is one which has an elderly population with Sefton being ranked 18th out of 326 Local Authorities for the number of residents aged 65 or over. There are however some issues with the geographical distribution of care homes in the borough as the remaining 26 homes (1,121 bedspaces) in South Sefton are principally located in the Crosby and Bootle areas, thereby resulting in a low number of homes in the Lydiate and Maghull areas.

For the 89 Older People care homes, the average size of the homes is 38 beds, however there is the following good mixture in the size of homes:

Number of Beds in Home	Number of Homes
Less than 10	3
11 - 20	9
21 – 30	31
31 – 40	20
41+	26

Of the 89 homes, 34 (1,647 beds) are Nursing homes of which 25 homes (1,086 beds) are in North Sefton, which again reflects the overall distribution of care homes in the borough. Of these 34 homes, 22 (1,301 beds) are CQC registered for Dementia and of these 1,301 beds, 816 (63%) are located in North Sefton.

For the remaining 55 Residential homes (1,702 beds), 38 (1,142 beds) are in North Sefton, which again mirrors the overall distribution of homes in the borough. For the 55 homes, 33 are CQC registered for Dementia and of these 1,066 beds, 744 (70%) are located in North Sefton.

As a result there is a good ‘split’ of Residential and Nursing homes and also then the number of Dementia specific homes, however there are concerns regarding the overall level of general Residential homes and their ability to adapt to both meeting current and future needs of people with higher acuity levels, coupled with their ability to adapt their services to support people with Dementia in order to reflect the strategic aim of supporting people to remain living in their own homes for longer

and therefore Commissioners only seeking to make care home placements for people when all other community services options have been exhausted.

There are though major concerns relating to the viability of care homes when taking into account the differential between historic and current vacancy rates and these concerns have been raised by Providers, following engagement with them. Historically the Sefton market has typically operated at a vacancy rate of around 6%, however the current vacancy rate across Older People care homes is in the region of 14%, but this figure is reduced to around 11% when factoring in that some vacancies are currently not open to admissions as Providers have reported that they have closed some beds/units/floors due to factors such as Staffing shortages. These concerns are exacerbated when taking into account local authority commissioning activity. Typically, Sefton Council have commissioned in the region of 45-50% of occupied beds, with the remainder being commissioned by Health, other local authorities and Private funders.

The Council commissions in the region of 1,036 beds in the homes consisting of 623 Residential and 413 Nursing beds. The level of Sefton Council commissioned placements has been decreasing with the rate of admission for those 65+ falling over the past 3 months with our rate of admission keeping us out of the bottom quartile both nationally and in the Northwest. As a result, there are viability concerns relating to not only this reduced level of commissioning activity, but also linked to specific areas such as North Sefton where there is a high concentration of care homes that are now to some extent 'competing' for business. There are also concerns linked to occupancy levels and fee rates as Providers are stating that historic fee modelling (based on historic occupancy levels) are now redundant and as a result need adjusting to reflect increased vacancies, however there is a need to ensure that there is a balance between adjusting such rates whilst at the same time reflecting reduced demand for certain types of placements and the fact that the Local Authority is not the sole 'commissioner' of placements in Sefton.

## **Supply and Diversity**

Overall, there are no significant concerns regarding the supply of care homes in order to both meet demand and ensure continuity of care for people. Since 2019 there have been 9 care home closures in Sefton, which have been due to a mixture of quality concerns and business decisions by Providers. However, both vacancies in existing homes coupled with new homes opening has resulted in no significant issues in securing new placements for Residents in the homes that have closed and the Council making new placements, however there are significant concerns regarding the number of homes levying third-party top-ups and homes that do levy top-ups increasing the amounts significantly, especially within the last 12 months. There has also been a small number of care homes de-registering, however such decisions have been taken in partnership with Commissioners and have taken place as the model of service was more in line with that of Supported Living services.

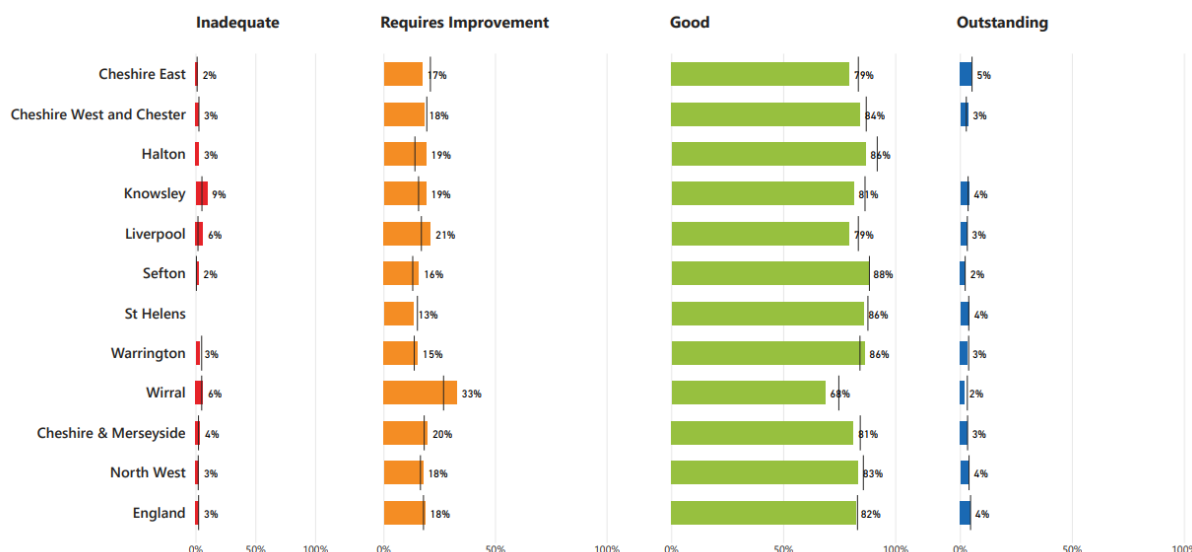
In terms of Provider diversity in the market Sefton relies on a significant number of small and medium independent Providers rather than a single large national Provider. There are some homes that operate under group structures however these are typical under regional, as opposed to, national structures.

## **Quality**

Regarding quality, of the 89 care homes, 84 have a current CQC inspection rating and of these 71% are rated as 'Good', 21% are rated as 'Requires Improvement' 3 are rated as 'Inadequate' (4%) and 1% is rated as 'Outstanding'. Sefton has historically had this high proportion of homes rated as Good which is higher than regional averages. However, the level of quality concerns has increased, especially over the past twelve months with Commissioners identifying concerns with issues such

as care homes being unable to meet the needs of Residents, Staffing issues, issues relating to the actual care home physical environment and concerns relating to Owner / Manager oversight of care homes. This has especially been the case when quality concerns have been identified and Owner/Manager engagement has been poor and further concerns have been identified relating to their oversight of the care home and their ability to formulate and implement service improvement plans, which has then accelerated enforcement action and closures.

In terms of quality and how Sefton benchmarks against regional and national comparators the following table highlights that Sefton currently has a higher proportion of homes CQC rated as ‘Good’ and this trend has been a historic one;



There are though, quality concerns with respect to safeguarding issues. In Sefton, care homes currently account for 39% of all locations of episodes of abuse. Furthermore, Care Workers account for 79% of perpetrators. In addition, Sefton is also experiencing an increase in ‘organisational safeguarding’s’ which relates to overall safeguarding issues as opposed to those related to individual Service Users, which is a further area of concern as they relate to the overall operational delivery of care homes.

There are also concerns around the ability of the Sefton market to support more complex people. The Council has faced issues placing people with complex needs (such as Learning Disabilities, complex Mental Health and Acquired Brain Injury) and has had to make placements in specialist homes outside of the borough. It is of concern that Sefton are having to commission placements outside of the borough given the high number of homes in Sefton.

There are also concerns with some homes and their ‘standard’ service offer in terms of them seeking to put in place additional Staffing to deal with people that are being discharged from Hospital and/or they believe have additional needs such as due to being at risk of falls. These concerns are exacerbated as it is often the case that such requests for additionality are being made without their being either a comprehensive risk assessment and/or a plan for how such enhanced levels of care will be reduced over time.

At the present time the local authority commissions beds under overarching contractual arrangements with each home, with then individual placements commissioned on a SPOT purchase basis, taking into account the choice directive. Moving forward, there is a vision that contractual arrangements will become more formalised under a Pseudo Dynamic Purchasing System (PDPS) type arrangement, but at the same time maintaining choice and control for Service Users.

## Workforce

At present it is not felt that current market conditions support development of the workforce as Providers are reporting issues with recruitment and retention, especially with Nursing Staff. Such issues then present further problems as Providers are having to utilise Agency Staff, which cost more and can also lead to quality and safeguarding issues as such Staff may not be fully conversant with the needs of Residents. Sefton care homes also operate in a borough which has other significant employment sectors such as leisure, retail and tourism and therefore there are issues with recruitment and the attractiveness of the social care sector. It is acknowledged that as part of future work, more quantification of the issues and engagement with the Provider market is required.

There are also concerns around the impact of current inflationary pressures. Increased service delivery costs relating to wider cost of living issues and utilities costs are of particular concern. As part of ongoing engagement work with the market the Council issued an online survey and then a questionnaire for Providers to submit information on cost pressures and their views on sustainability. The Council has also continued to have regular meetings with care homeowners to specifically discuss finance related matters. Whilst response rates and engagement has been low, the key themes being reported and discussed relating to issues such as increased fuel bills with Providers reporting that on average such bills are increased by around 68%.

Key themes highlighted by Providers regarding sustainability have been;

- Fee rates – including such rates not reflecting the ‘true cost of care’
- Current occupancy levels
- Physical condition of care homes
- Staff shortages / recruitment and retention issues – then linked to issues around pay rates and the need to seek to move towards implementing the Real Living Wage

All of the above reiterate significant concerns with the stability and sustainability of the market, for example relating to Staffing issues with respect to the fact that the National Living Wage increase will impact on Providers, but that in order to fully address Staffing issues there is a need to ensure that there is additional investment to support Providers to pay above minimum obligations in order to ensure Staff can be better recruited and retained. If such inflationary pressures are not addressed, then this will impact on the validity of set fee rates and potential Provider failure / market exits. **The Private / Self-Funder Market**

Previously collected data on the care home market has shown the following percentage splits by funding type of care home placements:

Funding Type	Number of Placements
Sefton Council	49.56%
Sefton Health	10.26%
Other Area Health	2.06%
Other Local Authorities	6.14%
Private	32.00%

Based on current occupancy levels of around 87% this would result in over 900 beds being occupied by Private funders. Further commencement of Section 18(3) of the Care Act 2014 will have a significant impact on the Sefton market and Providers given the high number of Private self-funders occupying beds, together with the fact that recent care homes that have opened in Sefton in the past five years have a strong focus on accepting private funding people and their fee rates are either close to the cost of care exercise submissions or actually above them. These impacts will be particularly felt after 2025 should current existing Private funded placements in Sefton care homes still be in place. It is expected that the Council will be approached by a significant number of Private Residents and their Families/Advocates to seek to request that the Council to arrange their care and there are particular concerns around the Residential General and Dementia sectors where some care homes are levying rates significantly higher than current contracted rates, in the past twelve months have significantly increased top-up amounts and who have based their business models on primarily relying on the Private funding market and who may therefore face issues as such people seek to have the Council commission their placements.

We have further engaged with Health partners who have reflected the same concerns and are also experiencing issues with Providers requesting additional funding to support complex Service Users, such as funding for 1:1 care for people at risk of falls.

Market management issues further arise due to delays in charging reform as the Council is unable to implement a 'level playing field' between Council and Self-funders. Providers have been highlighting the issue of cross-subsidisation and recent market analysis has identified the significant fee levying differentials between Council commissioned and Self-funder fee rates. The further delay will also have an impact as the Council has faced situations where Self-funders have placed themselves in high-cost care homes and have then come under the threshold to be Local Authority funded, with the Council then being placed in situations where assessments are needed on whether the Service User should remain in the home and the care home seeking to maintain the level of funding. Any fair cost of care implemented will need to mitigate this issue.

## Summary of Key Risks / Challenges

In summary, for the Sefton care home market the key risks and challenges are;

1. **Sustainability** – relating to reduced demand and increased bed vacancies
2. **Workforce** – ability to recruit and retain Staff and develop the workforce
3. **Meeting Needs** – ensuring that homes can adapt to emerging and future needs, such as the move towards providing more shorter-term interventions
4. **Quality** – services are supported to strive towards 'outstanding' rating and that quality concerns are addressed, with the Council supporting care homes to make quality improvements
5. **Financial** – implementing cost of care outcomes will require significant additional funding coupled with demand management activities and re-alignment of current Adult Social Care sector budgets

# Assessment of current sustainability of the 18+ Domiciliary Care market

Currently Sefton commissions services for in the region of 1,486 people for a total of 18,200 hours of service per week, with 34 Providers. However, the Council currently has 77 assessed people in the community awaiting a long-term package of Domiciliary Care to be accepted by a Provider. Based on currently delivered packages consisting of an average of 12.28 hours of service per week, this means that there are 946 hours of unmet need in Sefton. This figure will be higher when factoring in the ageing population of Sefton and the strategic aims of supporting people to remain in their own homes for longer. However, the current figure of 77 people awaiting a package of care is a significant reduction from the previous figure of 170 outlined in the provisional Market Sustainability Plan and has been achieved through extensive care brokerage and contract management activities, together with an improving picture of reduced Staff absences in Provider organisations.

It has been the case that the commissioning of packages in some specific geographical areas has been problematic, as localities such as Lydiate and Maghull are viewed as being 'rural' areas with Providers reporting that it is difficult to schedule care runs in. This is also the case with Formby and Hightown areas where there are a low number of existing care packages in these areas and therefore difficult for Providers to establish set Staffing rotas/runs in, coupled with issues around Staff working in other areas travelling to these specific areas, which is further exacerbated by the fact that care Staff do not reside in these areas.

## Supply and Diversity

The Provider market is diverse with a mixture of Providers who are CQC registered in Sefton and Providers registered in neighbouring Local Authority areas. Sefton's current commissioning arrangements encompass operating with Knowsley Metropolitan Borough Council a Pseudo Dynamic Purchasing System (PDPS) with Sefton being 'split' into six contracted areas which have a Lead Provider in each area who are expected to accept the majority of referrals and then a list of SPOT Providers that can also be commissioned. The Sefton (CQC registered) market also consists of other Providers that typically support Private/Self-funding clients and who levy fee rates which are significantly higher than the current Sefton Council PDPS contracted rate. Previous analysis of Health / CHC commissioning has identified that the Provider base that they utilise is on the whole the same Providers that the Council commissions.

## Quality

With respect to quality there are 47 CQC registered Providers in Sefton and of these 39 have a CQC inspection rating, with 35 being rated as 'Good', 1 being rated as 'Outstanding' and 3 being rated as 'Requires Improvement'. However, whilst there are no specific quality concerns relating to specific geographical areas, quality concerns are apparent across the sector and typically relate to issues such as short/missed visits, call-cramming and meeting Service Users needs. In part these issues have arisen due to capacity issues within services as a result of COVID related Staff absences and recruitment issues, however Providers have been issued with guidance on business continuity and implementation of RAG ratings (i.e. stepping-down non-essential care calls should capacity issues arise) and we have worked with Providers to ensure that Provider failure does not occur, including paying enhanced rates to meet additional Staffing costs and expenditure. Where such quality issues have been highlighted and have not been identified as being due to COVID related issues then contract management work have taken place which has led to Providers exiting the Sefton market.

There are also quality concerns relating to continuity of care for Service Users in that over the past two years in particular the Council has been approached by Providers wishing to 'hand-back' care packages and requesting that they are transferred to alternative Providers, often at short notice and due to Staffing issues. This remains a concern due to the ability of the Council to transfer such packages and the overarching issues of Staffing recruitment and retention and the impact on Service Users who may have established Staff teams supporting them.

## **Workforce**

It is acknowledged that the current approach and market conditions do not fully support the development of the workforce as there are both significant recruitment and retention challenges as well as significant work needed to develop the existing workforce in order to ensure delivery of a model which continues the enabling approach for Service Users and where Providers are given more flexibility to deliver care packages and adapt them in order to reflect changes in need. Whilst changes have been made to service delivery models, we have acknowledged that more work is needed on a wider implementation of the Trusted Assessor process (whereby Providers have a role in identifying care packages that could be adjusted as needs have diminished) and also Single-Handed Care. Training on this has been given to Providers however there is still a level of resistance to reducing two Carers calls to one Carer, with the use of equipment, as this often results in changes to established Staff rotas and their own internal policies.

More support is needed for Providers on workforce issues as there are challenges with respect to both recruitment and retention. Providers are reporting issues with recruiting Staff, due to pay rates and employment opportunities in other sectors such as retail and tourism. It has been the case that the workforce has been fairly transient in terms of Staff leaving one Provider to go and work for another and this has been a factor in Providers seeking to hand-pack care packages. This has also occurred due to Staff leaving to move to non-contracted Council Providers who pay Staff more. However, some Providers have been utilising international recruitment initiatives in order to increase their Staffing capacity and the Council is factoring this opportunity in to workforce initiatives.

As with the care home sector, issues around inflationary pressures / impact of National Living Wage are significant. The Council has continued to engage with Providers on these issues (for example through a dedicated questionnaire and Provider meetings) and Providers are reporting that there are significant difficulties with recruiting new Staff, due to pay rates and Carers not being valued when compared to other roles such as Nurses. Pay increases then cause further issues as there is a need to reflect such increases in other roles within Providers so as to ensure that career progression is supported and to ensure that all pay is increased, not just for direct Care Staff. It is felt that further investment is needed to reflect the important role of the sector and its Staff and to ensure that the market can develop, especially in order to meet increased and more complex needs and to support a move towards implementing more integrated Social Care and Health services and therefore more 'blended' Staff roles.

## The Private / Self-Funder Market

With regard to Private funders approaching the Council to arrange their care, this has increased in recent years and it is expected that this trend will continue especially as the Council seeks to implement the fair cost of Care reforms and implement rates which, whilst may be higher than current contracted rates, will still be lower than rates levied by some Providers who typically support private clients and who also implement enhancements to rates such as doubling them for Bank Holidays. It is therefore expected that if the Council is able to commission more Domiciliary Care, then its 'buying power' will then increase which Private funders will seek to utilise and have their care packages commissioned under the Council's overarching contractual and performance monitoring arrangements.

Whilst the cost of care exercise has been beneficial in terms of understanding Providers cost and specific elements such as rates of pay for Staff it is recognised that greater market intelligence is required to better understand the number of people receiving services in Sefton.

## Summary of Key Risks / Challenges

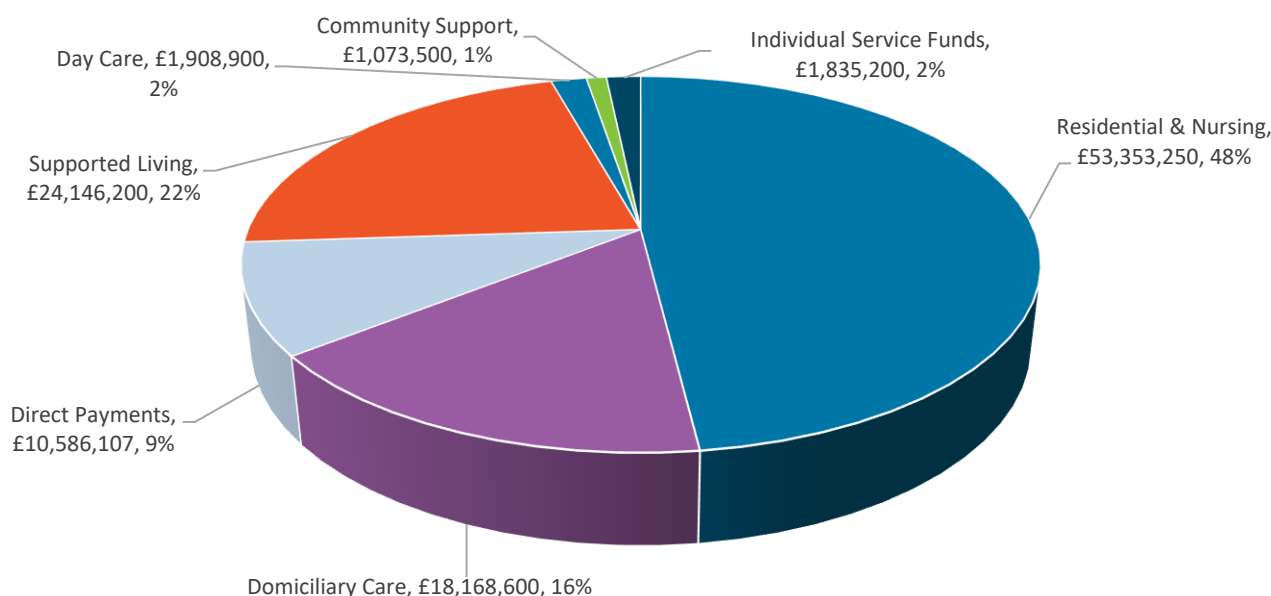
In summary, for the Sefton care home market the key risks and challenges are;

1. **Delivering new ways of working / commissioning models** – embedding new commissioning arrangements and working with Providers to further re-model and develop the sector, such as a greater enabling approach and delivering more flexible and outcome-based services
2. **Workforce** – ability to recruit and retain Staff and develop the workforce
3. **Meeting Needs** – ensuring that services can adapt to emerging and future needs and are able to meet growth in demand
4. **Quality** – services are supported to strive towards 'outstanding' rating and that quality concerns are addressed with the Council working with Providers to implement revised quality monitoring arrangements that align to new service models
5. **Financial** – implementing cost of care outcomes will require significant additional funding coupled with demand management activities and re-alignment of current Adult Social Care sector budgets



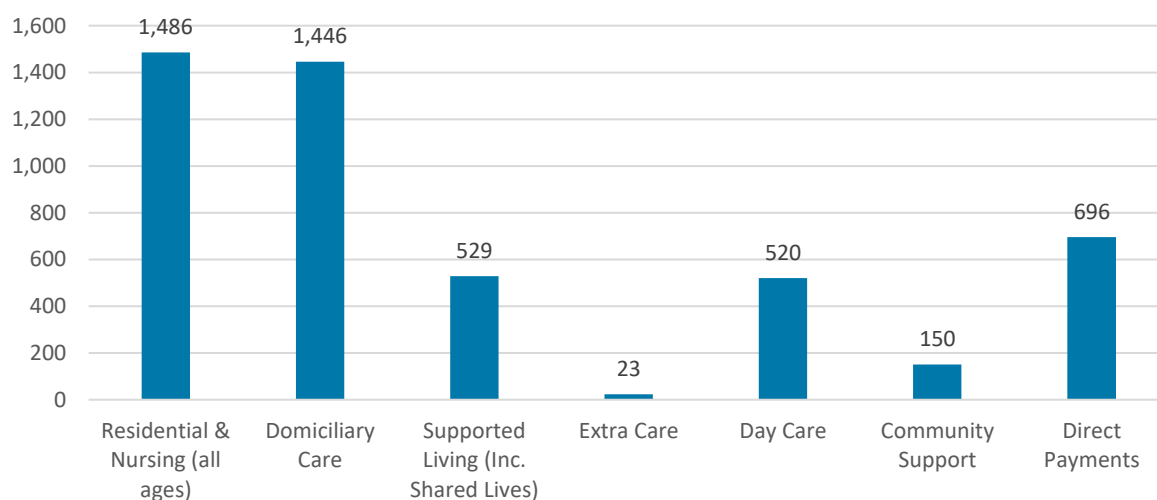
## The Wider Market Place

It is important to highlight that both the Care Home and Domiciliary Care sectors sit within the wider Sefton market / commissioned sectors. Sefton commissions a variety of services, and in terms of 2022/23 expenditure this is summarised in the following chart;



The above is a high-level summary and within these sectors there is expenditure on associated services, for example Extra Care Housing schemes within Domiciliary Care expenditure.

In terms of people the Council supports, in either commissioned services or through Direct Payment / Self-Directed Support, typical current activity in terms of the number of people being supported at any one time, is as follows;



Sefton also has in place services that have a focus on **prevention and promoting independence** in order to build on and expand on aligned working with Health, Community, Voluntary and Faith sector and Unpaid Carers to provide services closer to home while ensuring access to high quality specialist services when needed.

An example of this is Reablement which offers people a focussed period of care and support for them to learn or re-learn the skills necessary for daily living, thereby helping them to maximise their level of independence so that they can remain living at home with the lowest appropriate level of formal care support.

Sefton also delivers an integrated **Community Equipment Service** jointly commissioned with our health colleagues which delivers an average of 3,300 pieces of equipment a month and supports hospital discharge, people to live entirely independently and support for Unpaid Carers. Equipment ranges from relatively simple items, such as walking sticks, crutches and walking frames to aid mobility, to complex equipment like beds, hoists and pressure care equipment.

Sefton also recognises that **Unpaid Carers**, and the people they care for, are valued members of our communities and that Unpaid Carers provide invaluable care and support to their families, and within local communities. The Council works closely in partnership with Unpaid Carers, Providers, and Health organisations to identify and address issues raised that affect Unpaid Carers and to then support them to exercise their views and to put in place mechanisms and services which promote and support choice, to enable them to maintain independence and have more power and control over their lives.

## Section 4 - Adult Social Care Workforce Wellness Framework

### The principles and standards we expect that care and support markets should adopt when working with Sefton.

In Sefton, supporting a wide range of care, support, and community partners, we pride ourselves on our workforce principles that inform how we lead well together and how we respect all as a valued workforce across social care and health. When we commissioned care and support and when working with our partners we adopt our ten core workforce principles, that empower us all, to support our workforce to feel supported, respected, valued and skilled, the following Sefton Adults Workforce Values underpin the behaviours we expect to see, when working with Sefton Adult Social Care:

- ✓ **Strength – Based and Person-Centred Approaches** – Making every contact count matters in a strength focused and person-centred way is recognised and supported at all times. The person is placed at the heart of all decisions and their well-being is paramount.
- ✓ **Effective Communication** - Ensuring Communication shared is jargon-free, appropriate, and accessible to relevant parties, and meets the persons expectations, and or carers being supported. Communication between workforce, should be respectful and professional, and person led.
- ✓ **Ensuring Safety** - The person is appropriately safeguarded with due regard to the key principles of Safeguarding Adults as defined by the Care Act (2014), Empowerment, Protection, Prevention, Proportionality, Partnership and Accountability, and a is at the centre, Making Safeguarding Personal, in all we do and all we are about.
- ✓ **We all Value Dignity** - Recognising and being sensitive to how a person(s) dignity may be impacted by care (especially in terms of personal care) as per the Skills for Care, Seven Core Principles to Support Dignity in Social Care.
- ✓ **Integrated Approach** - All workforce and partners involved in providing care, work in collaboration, so care and support is well-co-ordinated, appropriate information is shared and that we don't duplicate, we seek together to remove barriers, that prevent people are receiving a high quality, preventative service, that supports people at home, in the community they belong.
- ✓ **Skills and Training** - Social Care and support workforce and their managers need to ensure they are appropriately skilled and trained, so they can support, in a responsive way to the changing needs of people and provide high quality care and support.
- ✓ **Workforce empowerment** – ensuring that workforce is involved through the organisation, in quality, change and improvement, and that they have the platform and opportunities, to improve the organisational ability to support people's independence, choice and controls.

- ✓ ***Innovation & forward thinking*** – striving and taking opportunities, working with health, community and social care partners, to better connect and set out a greater potential to support people to live a life well, through improved integration, better value for money and better outcomes for people with people.
- ✓ ***Supervision and support*** – workforce have a supportive wellness framework, that supports regular engagement and support, that focuses on the needs of teams / services and the individual workers, regarding best practice, support and which influences skills and development planning well, it addresses what works well and what does not, through great workforce planning and review of workforce working conditions.
- ✓ ***Celebrate success together*** – that at least once a year – with partners – we all come together to celebrate success and share learning that supports a Sefton annual workforce event, that showcases the best of what we bring when supporting people to live, life well in Sefton.

## Section 5 - Our Market Support Framework

### How We Will Work with Markets to Deliver Our Priorities and Sustainability

Sefton is committed to putting in place comprehensive mechanisms to support markets. This encompasses the following;

- ✓ **Consultation & Engagement** – working with Providers, Partners and Stakeholders to ensure that commissioning and operational delivery practices support rather than hinder Providers and commissioning supports sustainability. Establishing Provider forums as part of commitment to collaborative working. Working with Providers to remodel, review and shape services and making sure that Providers are aware of commissioning intentions and strategic priorities.
- ✓ **Co-Production** – working with the market as well as other Stakeholders and Partners to develop services, strategic plans and objectives
- ✓ **Focus on Quality and Quality Monitoring Systems** – supporting Providers to improve quality and address quality issues. Sharing good practice and being pro-active as opposed to simply re-active on quality issues. Working with key partners such as CQC and Health to assess the market and develop quality monitoring and assurance processes that reduce duplication, implement ‘early warning’ mechanisms and support Providers to work collaboratively and share good practice.
- ✓ **Service User Engagement** – speaking to people about issues such as the services they receive, what services they need and their desired aims and outcomes. Working with partners such as Healthwatch Sefton to support with engagement with people.
- ✓ **Business / Service Support** – working with Providers on issues such as Business Continuity Planning and viability issues. Providing support when viability issues are identified and providing funding such as that to make capital improvements to care homes to ensure that they can adapt to meet future needs and provide higher quality environments for people.
- ✓ **Market Analysis / Intelligence** – continuous analysis of the market to identify risks as well as capacity in services to meet needs. Assessing viability and having in place ‘early warning’ systems to identify issues and then offer support to Providers. Expanding our Care Arranger / Brokerage function to support Practitioners, Service User and Providers to make referrals/placements in a timely manner.
- ✓ **Integration** – working with Health partners on implementing further integrated services and commissioning services that underpin shared strategic priorities. Further engagement with markets on our shared vision for Sefton.
- ✓ **Assessments and Reviews** – having in place mechanisms for Providers to request reviews and conducting such reviews in a timely manner, but at the same time expanding initiatives such as the Trusted Assessor role so that Providers are more actively involved in support planning, assessment and review processes.

## **Section 6 - Care Homes and Domiciliary Care - Our Priorities Looking Forward (the next three years)**

### **Our Priority Action Plan**

#### **Priority 1 - Strategic Market Shift – Aging and Living well as A Life, Lived Well in Sefton.**

We are committed to working with the care & support sector, as a single sector over the next three years and beyond, so to collaborate on key areas, that must change in order that they remain sustainable in Sefton now and longer term, in delivering our aim and ambitions as a local health and care system, to support people to age and live well, where they feel safe and supported to remain well, in communities they belong.

We know this will be a challenge with the ever-reducing finance that Councils across the UK have to work within, however we also know that the funds we do have, and the partnerships, supported by community, will enable us all to look at service design completely differently, so to fully ensure the outcomes we aspire to achieve are completely realistic with our ambition and that people who access and use services have a voice, to determine what types of services and support they would want to retain and improve quality of care including being supported to remain well, independent longer at home.

We also understand from this deep review that care homes and domiciliary care must not operate in isolation of the wider market, they are integral to ensuring people receive good quality care, that is affordable and timely in responding to peoples changing needs and expectations, with people who access and use services holding Councils and health partners to account. In this regard over 2023 to 2024, we will focus on the below priorities:

**Developing Our Strategy and Program of work, that will support Sefton Adult Social Care Early Help and Prevention, building on our success now and longer term.**

**Putting in place plans for people with people who access and use services, through great codesign and coproduction – working as equal partners together, to create the right conditions, to support peoples outcomes well.**

**Reviewing with health and social care partners our access points and pathways, that should better support people to remain at home longer.**

**Reviewing how we model our Reablement to home offer, so that it draws key intervention upstream, prevention people needing health and social care through reablement and enablement offers.**

**Redesigning Domiciliary Care with our partners, so to ensure a more active care at home service is in place, that supports peoples outcomes, which is placed based.**

**Further embedding our Independence at Home Approach, including Community Equipment Service, Adaptations without Delay and Technology Enabled Care Solutions**

**Reviewing how we can better support people on the edge of care, that without prevention they will need health and care longer term.**

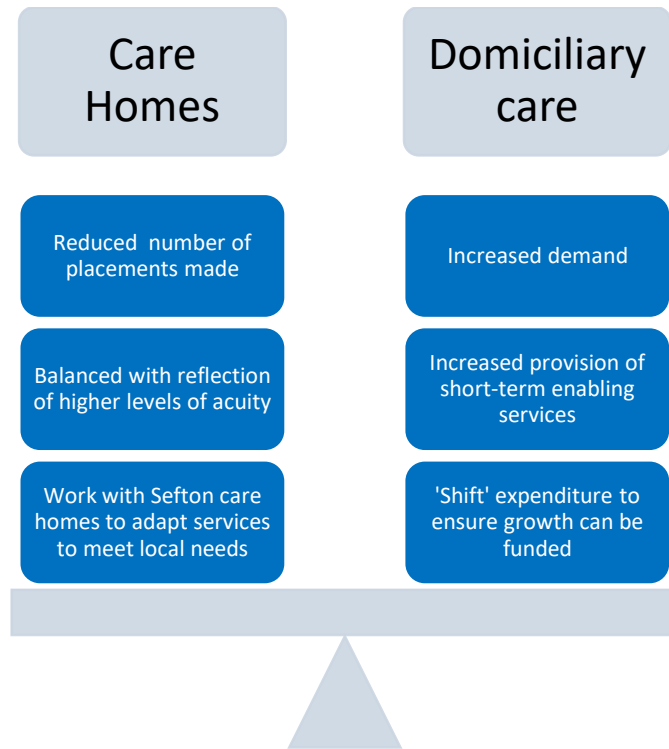
**Changing traditional approaches to residential care, looking to the future with more enablement offers that better connect to community and reducing need.**

**Expanding services like shared life's, continue building day opportunities, and looking at more self – serving offers, that places people in control.**

**We will be facilitating a number of key collaborate and codesign workshops with our health and social care partners over 2023/ 2024, with specific focus on market shaping and service redesign.**

**We will also be taking the learning from any pending Care Quality Commission Assessment, so to further inform our developing Early Help and Prevention Strategy and Program of work.**

Commissioning activities are 'balanced' with changes to each individual sector and that both sectors vital role in the Sefton Health and Social Care system continues to be acknowledged, supported and sustained and done so on an integrated basis as part of a whole market approach across Social Care and Health so that whole market power can be realised.



As outlined in associated strategic documents, Sefton wishes to see the overall change of reducing the numbers of care home placements for working age adults coupled with an increase in the number of people supported to remain in their own home for longer.

There is also an ongoing focus on a shift to early help and prevention across our marketplace and using the assets around people to maximise independence and connect people to the community around them and develop Social Networks that positively impact on wellbeing, by:

**Developing a market approach to strength-focused support for all.**

**Developing and building on the work to ensure people who access and use services, have a voice in Sefton**

**Putting in place a clear community alternative offer, that is accessible to people/ partners and workforce.**

**Collaborating and codesigning our adult social care, partners alliance market shaping forums, to develop our future offers that work better, in supporting people to age and live well in Sefton as a Live, A Life Well.**



# The Care Home Market

## Anticipated Changes

For the Sefton care home sector, it is anticipated that market changes will be significant. The market has seen a significant change in vacancy levels which have previously been in the region of 6%, but in recent years reached a peak of 20% and are now in the region of 13%. This is as a result in reductions to the overall demand for care home placements and also the implementation of strategies to support more people to remain in their own homes for longer, which is then reflected in increased demand for other services, principally Domiciliary Care.

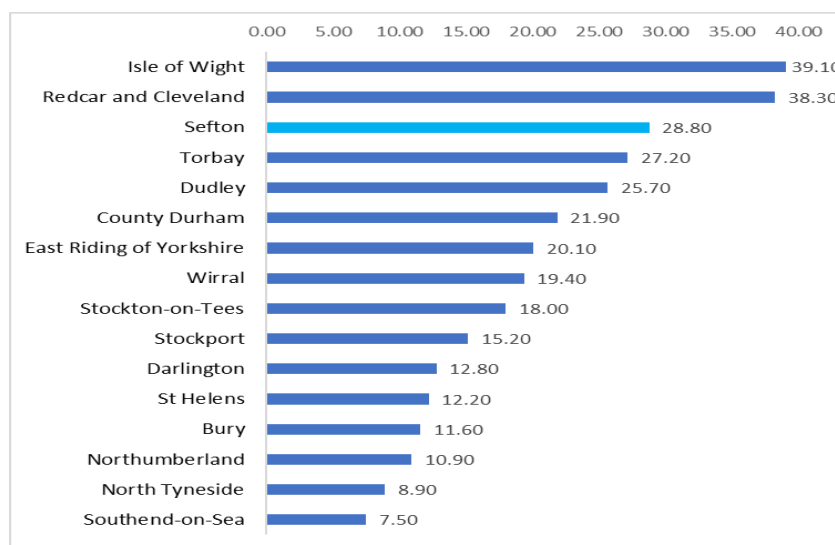
The Adult Social Care Outcomes Framework (ASCOF) measures how well care and support services achieve the outcomes that matter most to people. The ASCOF is used both locally and nationally to set priorities for care and support, measure progress and strengthen transparency and accountability.

Currently, two out of twelve ASCOF measures focus on admissions to both residential and nursing care homes:

- Long-term support needs of younger adults aged 18-64 met by admission to residential and nursing care homes, per 100,000 population (2A1)
- Long-term support needs of older adults aged 65 and over met by admission to residential and nursing care homes, per 100,000 population (2A2)

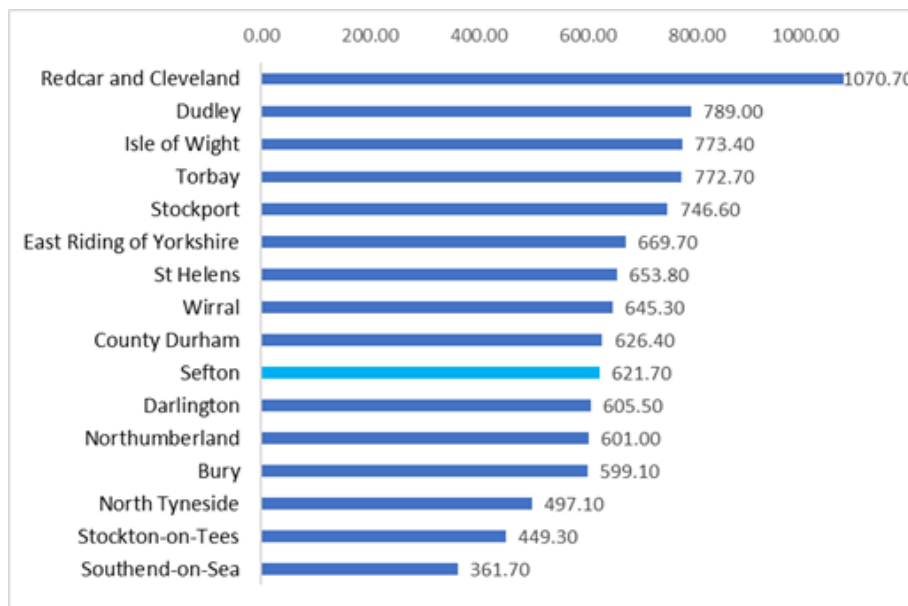
Sefton’s performance is measured against England, North West, and statistical nearest neighbours (group of local authorities displaying similar traits).

Sefton has a high rate of admissions to residential and nursing care homes for **Younger Adults aged 18-64**. In the last full financial year of 21/22 our rate of admission for this age group was twice as high as the North West and England rates. In 21/22 we ranked as the highest local authority in the North West for admissions of 18-64 year olds and against our statistical neighbours we ranked 14th out of 16 local authorities, as detailed in the following chart;

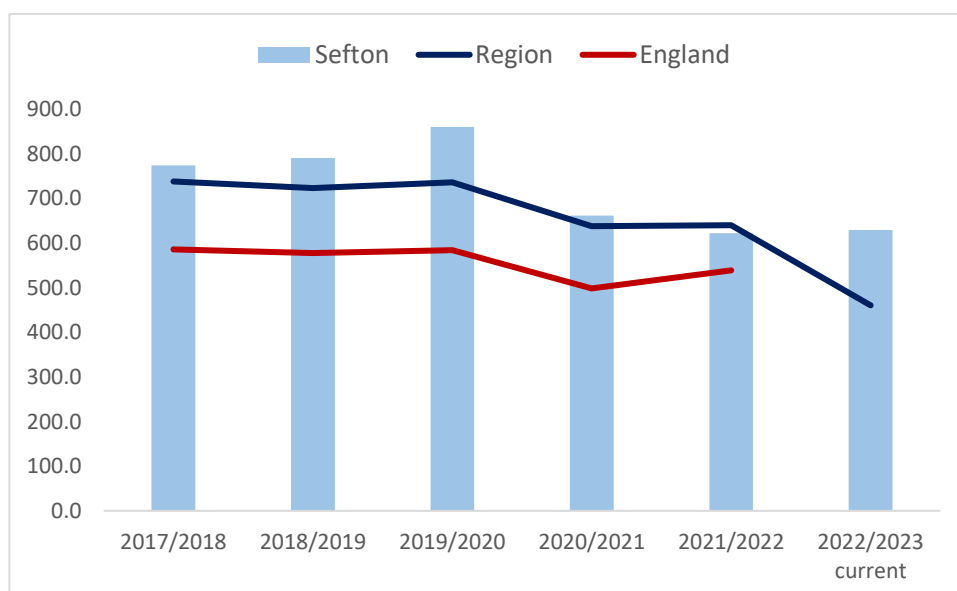


To reach the top quartile for England and Statistical Neighbours we would need to reduce our admission rate by over 3 times, and to be placed in the top quartile in North West, our admission rate would have to decrease by over 2.5 times and over the past 12 months we have made some progress on reducing our admission rate for 18-64 year olds.

With respect to **Older Adults aged 65 and over**, Sefton’s rate of admission to care homes is around 13% higher than the rate in England. However, compared to our North West and statistical neighbours our rate is comparable, ranking 11th out of 23 in the North West and 7th out of 16 amongst statistical neighbours, as detailed in the following chart;



Sefton’s current figure stands at 629 - the lowest we have seen in last 12 months; however, we still remain above regional rates, as summarised below;



We expected the overall trend of reduced care home placements to continue, and this overarching trend coupled with further implementation of strategic objectives to support more people in their own homes, will be expected to result in Providers exiting the Sefton market, especially in the General Residential care sector where Providers may not be able to re-categorise their services so that they are either Residential Dementia or a Nursing home.

The Council is also as part of wider demand management activities seeking to reduce the number of placements made for the 18-64 age group, through targeted reviews and the use of alternative community-based services.

## **Our Plan to Address Care Home Market Sustainability Issues**

As an overall approach we recognise that a key element of ensuring sustainability across the two sectors will need to be a re-purposing / allocation of the current Adult Social Care budget in order to use the existing budget envelope and 'transfer' funding from Residential and Nursing care to Domiciliary Care (and other community-based services such as extra Care) in order to deliver strategic priorities and fund growth in demand. However, it is recognised that there needs to be a balance in terms of whilst the overall aim is to make less care home placements, there is a need to ensure that any placements made are correctly funded and reflect increased acuity levels. It is recognised that there is a requirement to reflect that some people going into care homes will have higher needs / complexities and this needs to be supported.

As outlined in our Joint Care Home Strategy, a key opportunity for the Council and Health is to work with Providers to re-categorise their services in order to better meet current and future needs and to reduce the number of out-of-borough placements the Council makes, especially due to their being a lack of specialist provision in the borough. There are also opportunities to remodel services so that they are better able to accept Residents with higher levels of acuity and offer more short-term intermediate care type provision which supports people to regain their independence (typically after a discharge from Hospital) by offering Residential placements which incorporate a level of therapeutic input.

We will work with the current market to support them to re-model their services including re-categorisation to Dementia Residential, Nursing and Dementia Nursing, as whilst the Council will continue to ensure that the choice directive is paramount there are concerns around the number of out-of-borough placements made, given the current number of care homes in Sefton.

In 2021, the Council and Health Partners developed a Joint 2021-24 Care Home Strategy and also a joint Intermediate Care Strategy. The care home strategy outlines key strategic objectives for the sector and includes the aim of Commissioners making less care home placements and supporting people to remain living independently in their own homes for longer. As a result, the strategy outlines to the market that it is expected that there will be exits from it due to these aims and also in reflection of the high proportion of care homes in Sefton compared to other Local Authority areas.

The strategy also outlines the Sefton aim of delivering more Extra Care housing with the goal of delivering 1,306 extra care units by 2035, and this will then have significant impacts on our reliance on other services, predominately care homes.

A key element of delivery of the strategy was also the commencement of a new cost of care exercise which started in advance of the national DHSC requirements in November 2021 and has been built on by the DHSC exercise. The exercise was commenced in order to reflect that there was a greater need to look at issues such as third-party top-ups as well as the exploration of the implementation of tiered pricing models to reflect different acuity levels such as people who require more 1:1, for example due to them being at risk of falls.

We are working with neighbouring Local Authorities and Health partners on a project relating to request from care homes for 1:1 care to be put in place in order to ensure that there are clearer processes in place for Providers to risk assess Service Users and evidence the level of requested additional interventions for people.

It is recognised that for Sefton a key element of sustainability will be ensuring that supply is aligned to demand so as a result it is anticipated that there will be exits from the Sefton care home market. Coupled with this, fee rates will need to be based on a cost of care exercise which incorporates an occupancy calculation that reflects market demand, and which does not take into account reduced demand for placements and therefore remains at a level in the region of 90% and is not based on current occupancy levels of levels submitted by Providers as part of the cost of care exercise.

The Council is also working with Health Partners on the delivery of the Joint Intermediate Care Strategy, and this includes a review of current bed-based provision and working with the Sefton market on delivering shorter-term placements to support people to rehabilitate and then return to their own home.

Ongoing work also relates to working with the market on Hospital discharges and expanding the Trusted Assessor role in order to ensure that Providers are able to accept placements in a timelier manner and are not using their Staffing resources to conduct their own in-Hospital assessments.

The Council also has an ongoing capital improvement programme to support Providers to make improvements to care home environments and in the last round of applications widened the criteria from having a focus on making homes more dementia friendly, to affording care homes to submit applications for improvements that would improve the physical environment in general and to make their homes more sustainable, such as through increasing their energy efficiency. This programme reflects that Sefton has a number of care homes where buildings are old and in need of renovation / re-modelling so that they can meet existing and emerging needs.

The Council is also currently delivering a pilot project with care homes on the implementation of Digital Social Care Records in order to put in place systems that create more integration between care homes and the wider Health and Social care system and put in place mechanisms for care homes to adapt to more digital ways of working that have increased since the COVID pandemic.

Whilst work is taking place to gain more detailed market information from Providers, such as vacancy levels, staffing issues and Self-funder placement levels it is acknowledged that more engagement is needed. As part of the delivery of the joint Care Home Strategy the Council and its Health partners have established a care Home Strategic Partnership that will provide an additional mechanism to work with care homes.

The Council will also progress further work on the implementation of gross payments to care homes in order to reduce administrative and financial burdens on them and this work will take place in conjunction with wider work with Liverpool City Region Local Authority colleagues on the development of standardised contractual and service specification arrangements for the sector. It is acknowledged that current contractual and payment arrangements do not support the market and a plan is being developed to implement these arrangements within the next twelve months.

# The Domiciliary Care Market

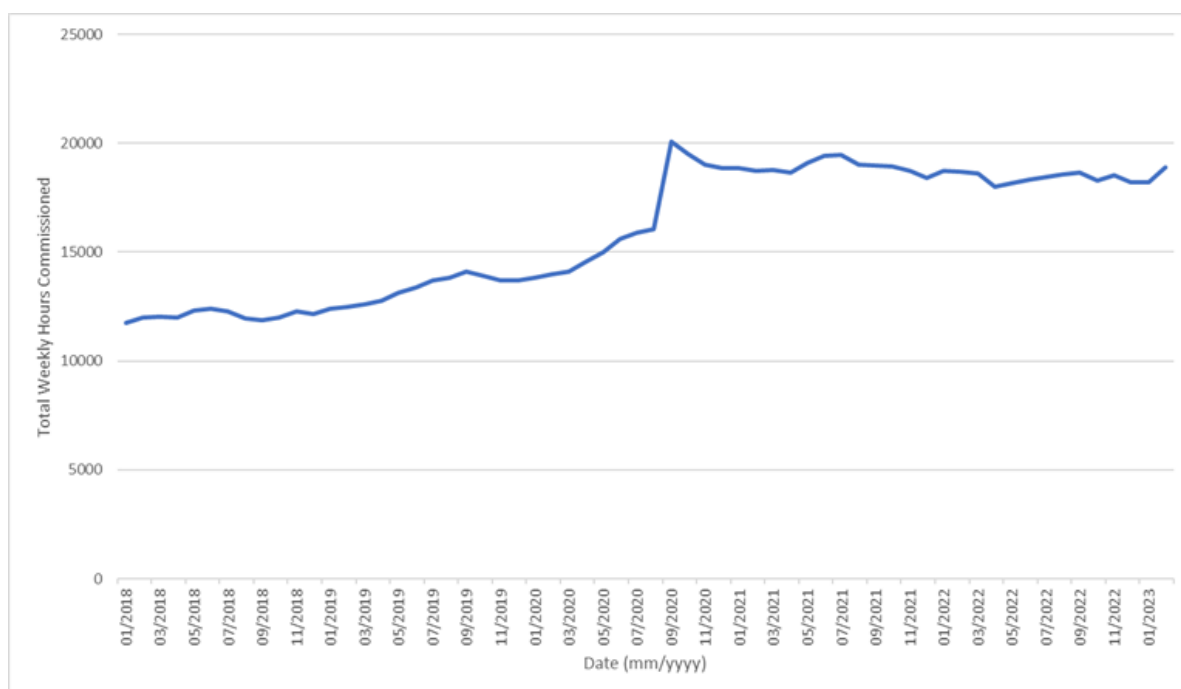
## Anticipated Changes

Pre-COVID, Sefton’s domiciliary care client numbers had remained relatively stable at around 1,700. In the period from March to September 2019 we did see a rise of around 7% but this began to decline again towards the end of 2019.

The initial impact of COVID led to a rise in clients receiving domiciliary care packages, from March 2020 to August 2020 - we saw a 7% rise in total client numbers. This was likely a result of an increased effort to avoid placements in residential and nursing care settings and to favour at home care.

Sefton’s use of Domiciliary care is fairly typical in comparison to other North West local authorities. Around 40% of our client base are receiving a Domiciliary Care package, a proportion that has remained fairly stable over the past 2-3 years.

The following table highlights the growth in demand / commissioned hours in recent years;



We expect that demand will increase both due to the ageing population and the Council and its Health partners further implementing strategic priorities such as reducing the number of care home placements made and supporting more people to regain their independence and remaining living in their own homes for longer. Demand is envisaged to further increase to reflect wider issues such as Health commissioning and the commissioning of services to support people who are on an End of Life pathway to remain at home.

Projected increase in demand is expected to be in the region of 10% as a minimum, which reflects the current level of commissioning activity against recent levels of people awaiting packages of care:

Demand is further scheduled to increase as work takes place to ensure that Hospital Discharge pathway targets are met as at present Sefton has a higher than average number of people going

into bed-based provision which has informed the decision to expand the Reablement service so that more people are supported to go through Pathway 1.

Demand is also expected to increase as Sefton has a higher than national average proportion of people living alone which has an impact on household income and also the likelihood of an individual being able to rely on a partner or family member to provide informal care, therefore making them more likely to need support from Adult Social Care.

## **Our Plan to Address Domiciliary Care Market Sustainability Issues**

In order to support market sustainability, the Council will firstly ensure that a sustainable market is one where demand is more effectively controlled and managed. This will be achieved through firstly ensuring that as many people as possible when requiring services initially receive a period of **Reablement** in order for them to regain their daily living skills and then require a reduced level of long-term service. Expansion of Reablement is a key element of the delivery of the joint Sefton Intermediate Care Strategy as it is recognised that at present Reablement is predominately received by people being discharged from Hospital, however the number of people receiving the service are lower when taking into account that people currently residing in the community who are assessed for services do not typically receive an initial period of Reablement. These issues around sustainability and demands on Domiciliary Care services are exacerbated by the fact that for those people being discharged from Hospital who do not receive Reablement, their long-term package of care put in place is often high and there is limited scope to review it after they have been discharged. Expansion of Reablement is viewed as being a key driver on sustainability as it has been proven to reduce demand for long-term services and also reduce the level of required long-term service needed for people.

We are currently working with our Reablement Provider on a doubling of current service capacity, a review of pathways into the service, how the service can fully integrate into wider Health and Social Care systems and how blended Health and Social Care workforce roles can be implemented.

The Council is also in the process of implementing new commissioning arrangements which will result in the establishment of a Sefton specific PDPS to ensure that the Council has more control of commissioning arrangements and better control of the market. This has been developed with the Provider market and their views have been taken into account when devising the service delivery and contracting models. The overall aim of the new PDPS is to develop a core Provider base, whilst at the same time not implementing a procurement exercise which includes a wholesale transfer of services between Providers and therefore reduced disruption for Service Users and Provider Care Staff and resulting market instability.

Existing Providers that meet the requirements of the new PDPS will be able to retain their work, in order to reduce any further market instability. However, there will be revised service delivery areas/localities which will each have two 'Tier 1' Providers who will be required to accept the majority of referrals and work in partnership, both between each other and as part of a multi-disciplinary team approach with the Council and key Partners in order to better manage demand, delivery and quality.

The new PDPS also affords Sefton the opportunity to include Health and Children's commissioning arrangements in the future to further deliver on integration agendas and work with the Sefton Provider market to further develop it through a co-production ethos.

In order to further support sustainability, the new model of service delivery will include the implementation of the Trusted Assessor role with all Providers so that they are able to identify where existing care packages can be quickly amended to reflect changes in need and therefore release

capacity and identify opportunities for increased use of Technology Enable Care Solutions such as those to support people to take their medication, thereby replacing the need for face-to-face care calls, particularly where such calls include an element of support with medication.

The new PDPS will also include block-booking arrangements, primarily to ensure dedicated market capacity for Hospital discharges. There is also a commitment to increasing block payment arrangements as this will support Providers to establish a core Staff base and have a level of 'guaranteed' income. In 2020 the Council implemented Payment by Actuals, and this has shown that actual payments made to Providers amount to in the region of 95% of commissioned hours, so the Council is committed to using this analysis to make block-payments based on this 95%.

Future further use of this new PDPS will be to further develop an integrated approach with Health, which will open up the possibility of increased pooled budgets and control over a greater span of the market.

The Council has also outlined its ongoing commitment to not commission 15-minute calls and to work with Providers to ensure that its Single-Handed care project is embedded in service delivery and support and training is provided to reduce the need for two Carer visits.

The Council is also proposing an increase to fee rates paid to Direct Payment Recipients who utilise a Personal Assistant in order to ensure that the Sefton Residents have ongoing genuine choice and control, which then supports sustainability in terms of reduced sole reliance on the Domiciliary Care CQC registered Provider market to deliver services.

## Priority 2 – 'Moving towards' Fair Cost of Care

Whilst there are concerns with the Care Home and Domiciliary Care cost of care outcomes, which are referenced earlier in this document, it is recognised that the findings can still be used to support the overall commitment to 'move towards' implementing a fair cost of care in Sefton which reflects;

- Actual costs
- Commissioning activity
- Workforce development aims
- Ensuring that markets are sustainable and where there is ongoing choice and control for people

The Council commitment to move towards a Fair Cost of Care over three years is clearly supported, however this move can only take place, subject to further assurance from central government that the substantial Fair Cost of Care funding that is required to support what are significant funding gaps, as reported by the National Association of Directors of Adult Social Care and through the lobbying by the Local Government Association, is received in order that the Council can pay the median rates expected.

## Priority 2(a) – Care Homes

The Council remains committed to implementing cost of care findings and as previously outlined in this plan had already commenced an updated cost of care exercise with Providers prior to the national requirements.

### Proposed 2023/24 Fees

The following table details currently proposed 2023/24 fee rates, and 2022/23 fee rates, however the 2022/23 rates detailed do not include enhancements that were implemented utilising the Market Sustainability and Fair cost of Care Fund:

	Residential Care	Residential Dementia	Nursing	Nursing Dementia
<b>2023/24 Proposed Rates</b>	<b>£616.87</b>	<b>£697.95</b>	<b>£634.33</b>	<b>£705.00</b>
<i>2022/23 Fee</i>	<i>£561.10</i>	<i>£634.85</i>	<i>£576.98</i>	<i>£641.26</i>
<i>Weekly Increase</i>	<i>£55.77</i>	<i>£63.10</i>	<i>£57.35</i>	<i>£63.74</i>
<i>% Increase</i>	<i>9.94%</i>	<i>9.94%</i>	<i>9.94%</i>	<i>9.94%</i>

The above proposed fee rates have been formulated using an adjustment to the fee model calculations previously used as a result of an analysis of information from the original cost of care exercise that the Council commenced in 2021. The previous uplift model consisted of increases being based on a 65%/35% split between Staffing and non-Staff costs, however this was adjusted to a 70/30 based on Provider cost of care submissions. The cost of care funding was used to enhance rates from October 2022, with Providers being advised that the increase may need to be classed as part of any subsequent 2023/24 fee increase.

Current proposed 2023/24 rates are based on a current CPI rate of 10.5% and not projected / average 2023/24 CPI rates which are anticipated to be lower than the 10.5% used. This decision was made in order to seek to support Providers with cost pressures.

### Analysis of Rates Against Cost of Care Outcomes

There is an underpayment when analysing against cost of care submissions, but also against the current level of top-ups being levied by Providers and the number of placements where additional costs are being levied, for example due to Residents requiring additional 1:1 care. There are concerns that going forward there will be issues securing Local Authority placements at the 'standard' contracted rates.



When analysing the above rates against cost of care submissions there are significant cost differences which are summarised in the following table:

	Residential Care	Dementia Residential	Nursing	Dementia Nursing
<b>2022/23 Fee</b>	£561.10	£634.85	£576.98	£641.26
<b>Median Cost of Care Figure (2022/23)</b>	£924.64	£1,070.42	£1,151.51	£1,396.78
<b>Weekly Difference</b>	£363.54	£435.57	£574.53	£755.72
<b>% Difference</b>	64.79%	68.61%	99.58%  (but 46.47% when factoring in FNC of £209.19 per week)	117.82%  (but 64.24% when factoring in FNC of £209.19 per week)

Even when taking into account FNC, the submitted fee rates are significantly higher than current 2022/23 contracted rates and proposed 2023/24 rates. The disparity is further increased when taking into account that the submitted cost of care rates would need to be increased to reflect 2023/24 National Living Wage and CPI increases. The disparities are also still significant when taking into account the levying of third-party top-ups.

### **Analysis of DHSC Against Initial Sefton Cost of Care Exercise and Local Intelligence**

The cost of care Annex B report produced highlights an issue with respect to the outcomes of the DHSC exercise against the initial exercise conducted in late 2021 / early 2022 with the market, as part of the delivery of the joint Local Authority and Health Care Home Strategy 2021-24. These concerns have been highlighted in the cost of care report published by the Council, with a specific example given showing the significant disparities between a Provider submitting the two sets of cost of care data.

Further concerns with the calculated cost of care outcomes have been raised following the Council analysing the calculated rates against current market intelligence.

Firstly, the following table summarises average fee rates recorded by Providers on the national Capacity Tracker system, compared to the cost of care calculated values:

	Residential	Residential Dementia	Nursing	Nursing Dementia
<b>Average Rates Recorded on Capacity Tracker Vacancy Information (January 2023)</b>	£797.22	£768.39	£992.57	£1,000.94
<b>Cost of Care Medians - July 2022</b>	£924.64	£1,070.42	£1,151.51	£1,396.78
<b>Difference</b>	£127.42	£302.03	£158.94	£395.84

The Council has also conducted an analysis of the cost of care results against a national ‘mystery shopping’ exercise of fee rates levied to private funders and again, this analysis shows significant variation between the two sets of figures, as detailed in the following table:

Data	Residential	Residential Dementia	Nursing	Nursing Dementia
<b>Cost of Care Medians - July 2022</b>	£924.64	£1,070.42	£1,151.51	£1,396.78
<b>Self-Funder Fee Rate Data - January 2023 – Average Minimum</b>	£785	£833	£1,131	£1,170
<b>Self-Funder Fee Rate Data - January 2023 – Average Maximum</b>	£850	£863	£1,171	£1,181
<b>Self-Funder Fee Rate Data - January 2023 – Median Minimum</b>	£750	£775	£1,088	£1,088
<b>Self-Funder Fee Rate Data - January 2023 – Median Maximum</b>	£825	£800	£1,131	£1,164

As the above table shows the rates reported for all categories are lower than those calculated in the cost of care exercise, which again raises concerns with the outputs from the July 2022 exercise.

However, further analysis has taken place on the outcomes of the initial (March 2022) cost of care exercise and the outcomes have been adjusted to reflect 2023/23 and 2023/24 National Living Wage and CPI increase, together with making adjustments to be models produced to base costs on a 90% occupancy rate and Staffing ratios, as the exercise did not result in comprehensive cost models for all client categories. This analysis has calculated the following rates:

	Residential Care	Residential Dementia	Nursing	Nursing Dementia
<b>2022/23 Fee</b>	£561.10	£634.85	£576.98	£641.26
<b>Initial Cost of Care Exercise Modelling Outcomes</b>	£655.66	£779.06	£681.36	£822.34
<b>% Increase</b>	16.85%	22.72%	18.09%	28.24%

These calculated rates are viewed as being more reflective of current quoted market rates / local intelligence and therefore the Council is of the view that such calculated rates reflect those that the Council would seek to ‘move towards’.

It is also important to reiterate that for both cost of care exercises submissions were based on occupancy levels which are lower than previous fee modelling calculations and it is felt that there is scope to adjust these, especially for certain categories of care where it is envisaged that demand will either remain the same or increase, and there being a need to ensure that a sustainable market is one where there is not an over-supply of services coupled with such an over-supply experiencing significant vacancy levels.

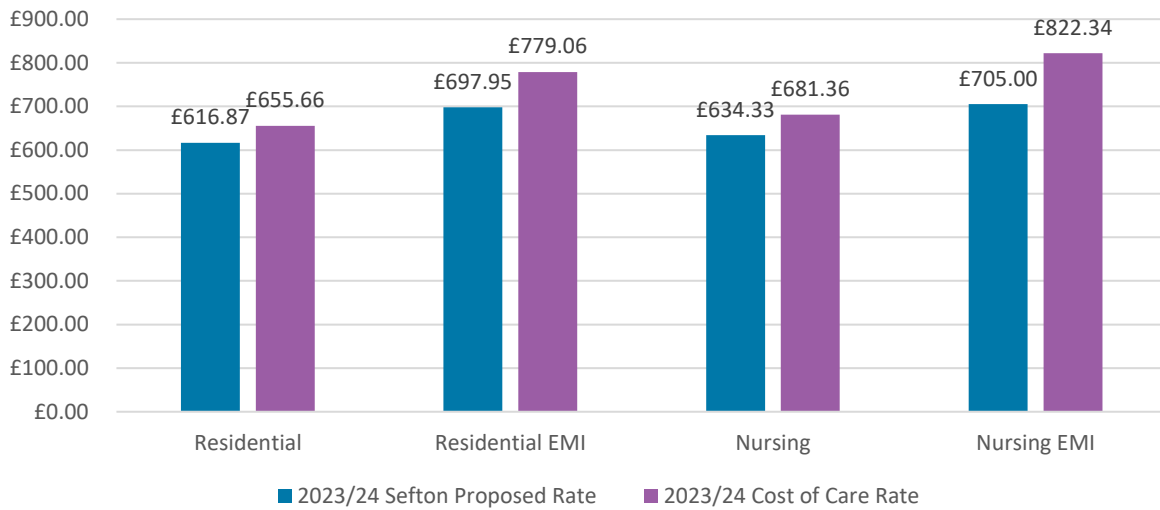
### **The Impact of ‘Moving Towards’ Fair Cost of Care Outcomes**

If the initial cost of care outcomes are used (including using modelling based on revised occupancy and staffing ratios) and then subject to annual increases based on National Living Wage and CPI increases, then for 2023/24, fee increases would need to be the following increases from original 2022/23 rates;

- Residential = 16.85%
- Residential Dementia = 22.72%
- Nursing = 18.09%
- Nursing Dementia = 28.24%

Such increases, and based on current annual expenditure would result in an additional budgetary impact of over £5m, and that does not include any national and local significant cost of living challenges that remain unstable at present to both Providers and Council.

The following chart summarises the differential between proposed 2023/24 rates and initial cost of care exercise rates increased for 2023/24;

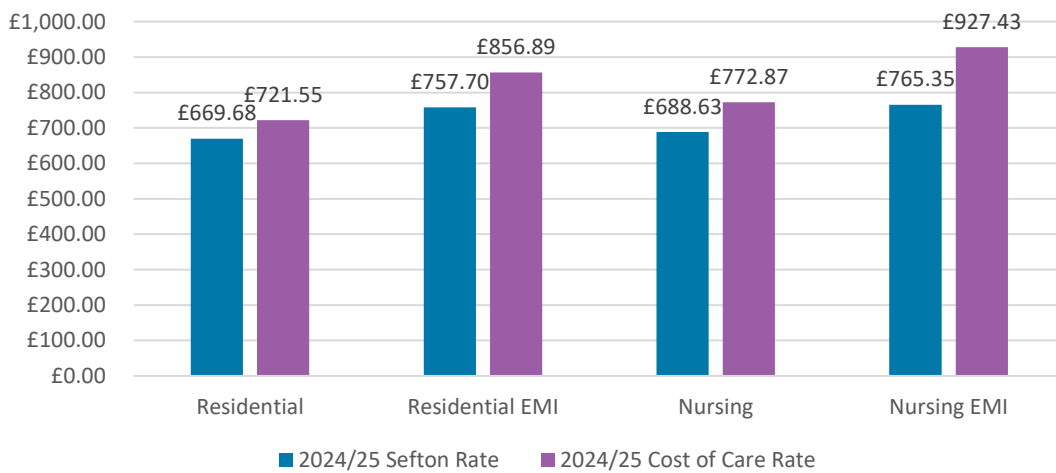


*NB: Rates are exclusive of FNC*

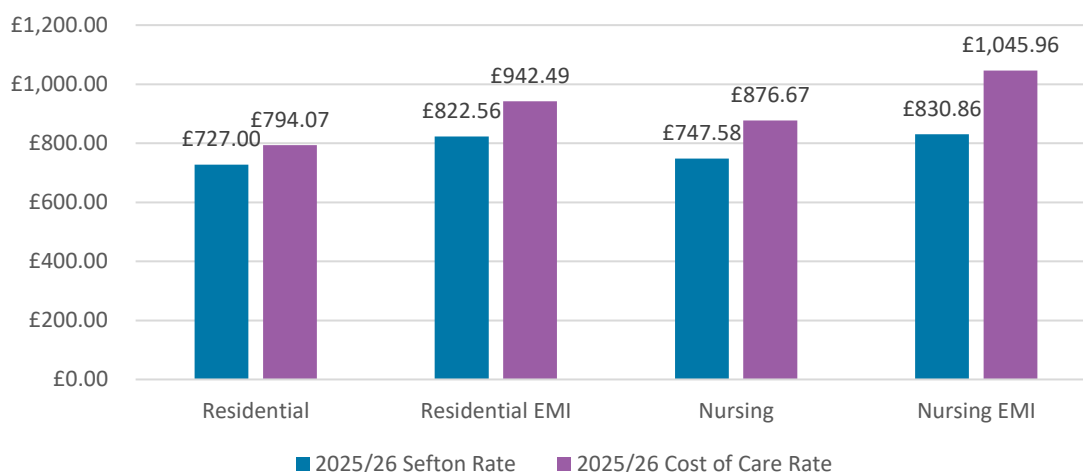
Such increases are therefore above the Council’s proposed 9.94% increase and therefore would require significant additional funding, in order to support the FCOC rates, set as median.

Projecting to 2025/26 rates, the differential would remain significant, as summarised in the following tables;

**2024/25**



## 2025/26



## Priority 2(b) – Domiciliary Care

### Proposed 2023/24 Fees

For the 2022/23 financial year the fee rate implemented was **£17.89** which was a 7.25% increase on 2021/22 rates. The final £17.89 was higher than the rate originally consulted on (£17.82) as it was increased in order to take into account projected CPI rate increases.

The proposed 2023/24 rate is **£19.66**, which represents a 9.89% increase.

### Analysis of Rates Against Cost of Care Outcomes

The cost of care submissions results in a median hourly rate of £22.68 which is therefore 26.77% higher than the Council's 2022/23 originally set contracted rate.

This calculated rate increased from the £21.94 rate originally calculated, following clarifications being sought from some Providers on their cost of care submissions, for example relating to the recording/quantification of travel time and Staff pay. Whilst the rate did increase, the change better reflects issues such as travel time with such calculations mirroring pre-existing modelling and analysis of the Sefton market.

In summary the main differences between the current £17.89 and the median £22.68 cost of care rate are:

- Direct Staffing costs – the Council fee model is based on a Carer Hourly rate of £9.75 and then travel time based on 10% of this rate – so therefore an additional £0.98, with the cost of care calculating £10.64 and then £1.05
- Business Costs – Council fee model calculates these as £3.96, but the cost of care model calculates them as £4.81
- Profit / Return – the Council model is based on a 3% level, but the cost of care exercise equates to 4.63%
- Cost of care toolkit factors in and models based on visit durations – the Council model pro-rata's the hourly rate, for example a 30-minute call is paid at 50% of the £17.89 rate, however

this does not take into account that mileage and travel costs for Providers will not simply be 50% for a 30-minute call. The cost of care data shows an average visit duration of 37.7 minutes and therefore the calculations are correctly adjusted to take this into account, which then increases the calculated hourly rate. The calculation of 37.7 is close to an analysis of Council commissioned visits which showed an average duration of 36.6 minutes, and it is recognised that such modelling better reflects actual commissioning activity.

There are concerns around the cost of care data submitted as they calculate fee rates significantly higher than the current contracted rate, and this is especially a concern relating to those submissions from Providers where the majority of their work is Sefton Council commissioned. However, it is important to highlight that;

1. The £22.68 rate is the total calculated median value, but when adding up the various elements / cost lines, the individual median values actually total £20.57
2. The Council may need to give consideration to using cost of care calculated average values – using these calculates a rate of £22.69 which is therefore only £0.01 higher than the calculated median rate.
3. Further engagement and market information gathering is needed to assess the cost of care data against information such as actual pay rates awarded to Staff, but in conjunction with an acknowledgement that a sustainable market and workforce is one where Staff pay recognised the importance of Care Staff and the need to ensure that their pay supports with recruitment, retention and their development.

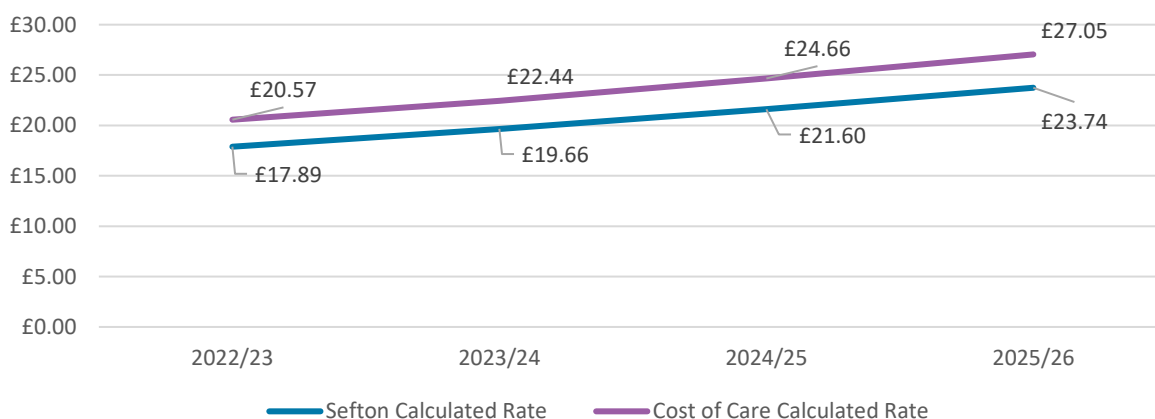
### The Impact of ‘Moving Towards’ Fair Cost of Care Outcomes

If the cost of care outcomes are used and individual cost element median values are used and then increased to reflect National Living Wage and CPI increases for 2023/24 then this would result in a calculated rate of **£22.44**.

This would represent a 25.43% increase on the 2022/23 rate of £17.89 and would equate to an increase 14.14% more than the proposed £19.66 increase.

This differential would result in a further budgetary pressure of over £2m.

If individual cost element median calculated values are used for future years then compared against current fee setting models the differential between Sefton calculated rates and rates using the cost of care data would remain, as summarised in the following chart;



## Priority 2(c) – Using National Funding to Support Achieving Priorities 2(a) and 2(b)

In terms of the 2023/23 Market Sustainability funding, Sefton received £1.029m and whilst permitted to allocate 25% (£257,250) for internal Staffing resources, using a lower allocation for such resources and used a higher percentage to allocate to the markets.

In summary across the three permitted elements the Council allocated the following:

Element of the grant	Amount allocated	% of the £1.029m grant allocated
Domiciliary Care	£673,244	65.43%
Care Homes	£227,131	22.07%
Internal Staffing	£128,625	12.5%

The above allocations reflected the overarching strategic objectives outlined this plan and the Council has experienced improved outcomes in terms of levels of people awaiting a package of Domiciliary Care decreasing and Provider accepting more referrals, however it is acknowledged that moving forward, consideration will need to be given to using additional funding to implement revised fee rates for care homes as a priority in order to address issues such as the ability of the Council to commission placements at its 'standard' contracted rates.

For the 2023/24 and subsequent years, the further funding will be used to move towards the cost of care findings but as part of further market engagement due to the issues identified with the cost of care calculated rates and Provider cost submissions.

## Conclusion

The aim of the FCOC is to move toward a FCOC rate and to arrive at a shared place of understanding with care providers on the challenged presented regarding the cost of care. The Council in this regard is obliged to place weight on the data and information presented from the exercise which is wider than the FCOC as per DHSC Guidance, to consider the risks to financial affordability and to understand the impacts on Council/ market and people who access and use services.

In this regard, the Council is also obligated to set its fee rates outside the FCOC exercise, but to consider the information from the FCOC that influences its decision making, when setting out its rates.

Also from our priority setting as set out in the market sustainability action plan, we expect that current traditional care and support services, working in collaboration with the Council will be part of our Early Help and Prevention codesign strategy and program development work, so we can further maximise our limited financial resources, to better support people at home to Live, Life Well.

Like many Councils the results of the Fair Cost of Care exercise have highlighted significant affordability concerns, and an overall lack of Government funding to support the presenting funding gap and as a result the funding will be used in conjunction with;

1. Funding allocated to Adult Social Care within the Council Financial plans for annual fee increases.
2. Re-allocation of budgets for other Adult Social care service sectors to reflect strategic priorities and increased demand for Domiciliary Care services.

There is also anticipated further budgetary pressures given that there will need to be consideration given to aligning any such cost of care outcomes and associated fee rate increases to other sectors, for example.

- Care homes for working age adults – looking at enabling offers of support.
- Other community-based services – such as Supported Living
- Direct Payment / Self Directed Support Recipients – for example those that use a CQC registered care agency and developing a strong self- directed support offer.
- Redesign of domiciliary care, to support active care at home models that include trusted assessors support that are placed based.

Regardless of these challenges we are positive about the opportunity to utilise national funding to support our work, to support people to Live, A Life well, at home, in community they belong and very much look forward to the partners alliance collaboration that will form, as a result of the exercise, focused on market shaping now and longer term.

Further information will be shared with the care market over the coming weeks regarding the key workshops that will take place, under market shaping opportunities to codesign better.



