

## Annex C: market sustainability plan template – Newcastle City Council

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

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

##### Capacity and Demand

	Residential	Residential EMI	Nursing	Nursing EMI
<b>Number of beds</b>	803	608	482	322
<b>Across number of homes</b>	19	16	14	8

Newcastle City Council currently has 46 care homes providing 2215 beds, of which 64% are residential beds and 36% are nursing beds. Of the 46 older people's care homes in the City, just over half (54%) of older people's care homes in the City offer Nursing Care, compared with 29% nationally. The table above includes where homes offer more than one type of care – particularly where homes offer both residential and nursing care.

As of October 2022, the overall occupancy rate for older people's care homes is 87%. This compares with a historical occupancy of around 90%, which was significantly impacted by Covid-19. Although there continue to be a small number of homes with significantly lower occupancy, most homes have either started to or fully recovered their occupancy levels.

Occupancy	60% or less	60-69%	70-79%	80-89%	90-99%	100%
Number of homes	3	0	2	9	23	9

Occupancy in residential and nursing beds is similar, at 88.9% for residential and 86.6% for nursing beds.

##### Financial Resilience

As of September 2022, the average weekly cost to the local authority for residential care homes was £736.92 and £757.85 for nursing care homes, which includes elements of additional 1:1 support where this is required. The fees paid to residential and nursing providers were increased by 6.42% in 2022.

##### Quality

Newcastle City Council has a dedicated commissioning and procurement team who monitor quality assurance. The team has developed supportive relationships with all providers in the borough that we actively commission services from. They link closely with the safeguarding team, and neighbouring boroughs, to ensure a co-ordinated response to any quality concerns is implemented.

CQC ratings show that 4 care homes have improved their rating since September 2021, with 5 deteriorating. Where providers' rating falls below Good, the C&P Team provide targeted support to providers to ensure the improvement plan is effective and implemented, prioritising the needs of service users.

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

### **Demand and Capacity**

Newcastle City Council currently supports 1,434 people to live independently at home, requiring on average 10 hours of support per week. The domiciliary care market in Newcastle City Council consists of 34 providers that deliver care on behalf of the Council, 12 of which the Council contract directly.

We have recently commenced the mobilisation of a new model for domiciliary care services through our Newcastle Home Care Framework. This new Framework builds on our existing needs-led approach to provision, extensive consultation over the last three years, and our approach to asset-based community development, "Newcastle Neighbourhoods".

The new Framework has created four geographic zones in the City each with three providers responsible for delivering all the support to people with home care needs in that zone. By paying providers block amounts instead of payments for specific packages of care, this will provide people and providers with greater flexibility and autonomy over how support is provided. A more robust approach to working within specific areas of the City will also enable providers to manage the work more efficiently they do.

The market is fragile, and currently the council has 380 people waiting for packages of care, with acute demand issues in some parts of the City. The Council faces challenges with provision of services to support timely discharge from hospital.

### **Supply and Demand**

Over the last decade, the Council has aimed to support its residents to stay safely and independently in their own home for as long as possible. This (coupled with population growth) has seen an increase in the number of residents receiving Domiciliary Care. The Council anticipates this demand will continue to grow as the local population ages and the needs of residents continue to become more complex: Workforce is a key challenge for home care, fuelled by low pay and job insecurity. For many workers, the NHS and care homes are more attractive job opportunities.

### **Financial Resilience and Commissioning**

As at Sep 2022, average fee rates paid to providers are £17.73, compared with our standard rate for 22/23 of £17.61. This compares with an average of £16.18 for 20/21 (published IBCF data)

### **Quality**

Newcastle City Council work collaboratively and openly with providers to assess their quality and identify areas for improvement. Newcastle City Council also work with providers to support their own quality monitoring and ensure action plans and improvement governance are fit for purpose.

CQC ratings show 36 providers registered in the City rated as Good and 5 rated as Outstanding.

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

### **Demand and Complexity of Care**

In Newcastle City Council the 65+ population has increased by 13.7% from 2011 to 2020. It is estimated that the over 65-year-old population in Newcastle City Council is predicted to reach approximately 52,000 by 2030, which is equivalent to a 17.8% increase from 2020 (compared with a 21% increase nationally). It is projected that this increase will be more rapid amongst those aged 85+. The Care Policy and Evaluation Centre (CPEC) at LSE projects that for adults 65+, 55% more will need care in 2038 compared with 2018, mainly driven by the ageing population.

Findings from studies such as the CFAS and ELSA, as well as our own experiences, show an increased prevalence of severe disability and complex multimorbidity's in those with care needs. This is expected to continue, placing increasing need for more specialist residential and nursing care provision in Newcastle City Council as well as more care staff and health professionals.

### **Charging Reform and Section 18(3) of the Care Act**

We are continuing work to understand the full impact of the proposed cap on care costs on local people, markets, and internally delivered services. We await further details from government to enable us to scope this out more fully, and we will continue work with providers to better understand the impact this will have on them.”

### **Financial Resilience**

Providers are under increasing strain due to the current financial climate, with inflation currently expected to hit 13% by 2023. This is impacting all elements of care homes including staff pay, utility and gas bills, as well as other outgoings such as food costs. Energy costs are routinely one of the largest non-staff costs, and use of energy to keep vulnerable people warm will mean significant increases in costs. Further, increasing, and higher interest rates is likely to impact the cost of some providers' funding structures (such as mortgages, loans, and mezzanine financing) when it comes to refinancing their debt in the next 1-3 years – costs that will be passed on us to pay for if it threatens their financial viability.

Additionally, workforce challenges, exacerbated by Brexit and the pandemic have resulted in a lack of available staff and reliance on the more expensive agency workforce. Further increases in the national living wage will also increase staffing costs.

### **Quality**

Wider demand, financial and workforce challenges are ultimately likely to impact upon the quality of care provided to our service users. There is a clear link between providing quality care and having sufficient skilled workforce to do so.

### **Section 3: Plans for each market to address sustainability issues identified, including how fair cost of care funding will be used to address these issues over the next 1 to 3 years**

A strong and effective partnership with providers is essential in delivering our vision. We need to work together to support people's health, care and support needs and achieve the best outcomes for people in Newcastle. In the delivery of care and support services, we want to ensure that people have choice, control and independence and that high-quality care is accessible to everyone who needs it, when they need it.

With increasing demand, and some of our providers financially struggling, we are likely to face an increasing capacity gap in quality provision over the next 3 years. To address this, we have created a plan split into five key areas:

#### **Integration**

*Use Local Care Networks as a way of delivering integrated health, social care, and community support to meet our residents' health and care needs building on existing foundations. For example:*

- *Working within local health and care systems to develop more effective discharge pathways from hospital and develop enhanced prevention to hospital initiatives which are focused on a home first approach reducing care home admissions in the first place.*
- *Improving reablement outcomes by working within Newcastle City Council Care to offer a co-ordinated approach to rehab and reablement and reduce dependency on long term care support such as domiciliary care.*

#### **Market Quality and Sustainability**

*Develop a more sustainable and quality social care market that can meet needs in the City. For example, by:*

- *Working with provider partners to improve CQC ratings so a higher proportion of providers are rated good or above.*
- *Develop a transformation plan, engage with existing stakeholders' market, and pilot new schemes to create personalised residential care services.*

#### **Increased Use of Technology**

*Newcastle City Council is keen to explore the role technology can play in providing care and support differently, thereby helping people to be independent and to remain in their own home for as long as possible rather than moving into residential care before it is absolutely needed. Newcastle City Council will work alongside providers to develop new innovative ways of providing outcomes-based support.*

#### **Financial Resilience**

The forecast outlook indicates that the financial resilience of some of our providers is likely to be a key risk going forward. In 2022/23 we will allocate 85% of Market Sustainability & Fair Cost of Care grant funding, with 69% allocated to domiciliary care, and 31% to residential care.

We will continue to work with providers to understand the impact outside of our normal fee setting process, and to produce a clear strategy of how future funding will be used.

### **Domiciliary Care**

Long-term demand for home care is likely to increase. For people over 65 who need help with at least one long domestic task [www.poppi.org.uk](http://www.poppi.org.uk) estimates a 6% increase by 2025 and a 16% increase by 2030, although not all people in this category will meet Care Act criteria.

We have been responding to many of the pressures outlined above for many years.

The cost-of-care exercise has produced a recommended rate somewhat in excess both of our current FPOC rate and 2.9% above the average rates we pay. We will respond to this by:

- **Using additional central government funding** to increase our FPOC rates to levels nearer to the recommended rate
- **Provider dialogue:** We have engaged with providers on calculating the cost-of-care and, more generally, through our market engagement activities. For the Cost of Care and MSS our engagement activities have included presentations and discussions at provider forums. We have provided on-going one-to-one support to help providers complete the Cost-of-care templates, achieving 56 % return rate. Prior to completing our finalised MSP, we have continued to engage with providers through forums and one to one meetings where providers have requested, We are committed to continue to work with providers and local organisations to collaboratively transform our Health and Social Care market. This MPS describes our vision for a vibrant and responsive Newcastle marketplace that achieves positive outcomes for people in our communities. People who use services across all levels of need should be able to access a:
  - Market that reflects the **diversity of local needs**

and promotes quality and choice

- Variety of providers and different types of services – choice of service type not just selection of providers offering similar services
- Mixed economy of local provision including the community and voluntary sector
- Developing Social Value to address health inequalities

This MPS outlines a picture of the supply and demand issues in Newcastle and describes our commitment to responding to changing demand and need and shaping the City as an inspiring place that meets the needs of aspiring people. It:

- Outlines our local vision for the people of Newcastle
- Supports the development of business models

- Identifies opportunities for development across the Health and Social Care market

Provides an indication of future demand and need in Newcastle

- Presents a picture of the market and local supply in Newcastle
- Promotes service user choice and control in Newcastle
- Establishes “co-production” as standard practice in Newcastle
- Develops an outcomes-based approach with a strong focus on enablement
- Develops flexible contracting that encourages providers to innovate and be more responsive to service user needs
- Embeds Public Health principles within contracts linked to prevention and early intervention to tackle health inequalities in Newcastle
- Continues to embed social value into commissioning and procurement practice
- Promotes supplier diversity and supports the local economy

Alongside these cost pressures we anticipate that we will face increasing demand for council-funded provision, particularly as an alternative to care homes and/or specifically for complex care. We will respond to this by:

- **Reviewing our in house reablement offer** to ensure that those people to whom we provide care have maximised their independence and ability to do more at home
- **Diversifying our range of service options** to give greater choice (e.g., more extra care and increasing uptake of Direct Payment recipients)
- **Expanding our assistive technology offer** to ensure alternatives to home care are available