

Annexe C: Market Sustainability Plan

FINAL SUBMISSION PLAN 24th March 2023

Acknowledgements

We would like to extend our sincere thanks to all those care providers who have contributed to the work for the York Council Cost of Care exercise.

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Section 1: York

1.1 Introduction

We are dedicated to assisting children, young people, adults, and families in becoming secure, independent, ambitious, and able to lead the best lives possible. People's own strengths, as well as those of their friends, families, and the community at large, provide a significant portion of the expertise and support required to achieve these outcomes. Through guided discussion, assessments, and support planning, the council will encourage the use of these assets. Additionally, the council will commission or directly provide services that support these outcomes. The council will provide some of this, and external organisations, such as social enterprises, independent providers, and voluntary and community sector organizations, will also provide elements.

City of York Council intends to shift the balance of care in order to meet the growing needs of local people. By doing so, the Council will focus on promoting well-being and an asset-based community development approach to the commissioning process. Councils with Adult Social Services responsibilities are required by the Care Act of 2014 to oversee the care market, collaborate with providers to develop high-quality services, guarantee capacity to meet local needs, and ensure the safety of service users.

Important documents have been developed to articulate the direction of travel for York Council, to inform and work with the market to provide sustainable, quality and value for money services that are in keeping with our priorities. Key themes of the strategic documents developed will be featured throughout our Market Sustainability Plan. These documents are:

- City Of York Council All Age Commissioning Strategy 2023 – 2025
- All Age Market Position Statement 2023 – 2025
- Commissioning Plan 2023 - 2025

1.2 Context

The City of York Council (CYC) is a unitary authority covering an area of about 108 square miles, which is relatively compact. The city has a population of approximately 210,000. It is estimated that York is home to 38,735¹ people over the age of 65, which represents nearly a fifth of the total York population. York is among the most affluent local authority areas in England and is ranked the 12th least deprived upper tier local authority in England.

Unsurprisingly our care market has a large proportion of self-funders in both sectors equating up to 70% of our population. Indeed some care providers in York work exclusively with people who are self-funding their care and do not have any local authority funded places. This creates a different market to other parts of England where the local authority is a much more dominant provider, and can have a greater degree of purchasing power.

The area's proximity to the A1 and M62 major link roads facilitates workforce mobility to neighbouring authorities.

1.3 Workforce

The Skills for Care National Workforce Intelligence Report documents key aspects of the care workforce and changes since the Covid pandemic. Key findings were:

- levels of sickness almost doubled during the pandemic (average 10.2 days lost in 2020/21) compared to 6 days pre pandemic;
- between 2019/20 and 2020/21 jobs in domiciliary care increased by 4.4%; over the same period (despite a decrease in occupancy rates) jobs in care homes remained broadly the same;
- vacancy rates fell at the start of the pandemic; as of August 2021 vacancy levels were climbing back up to their pre pandemic levels;
- staff turnover rates fell during the pandemic 2020/21; Registered Manager turnover rates were down by 6.3% and care workers by 3.7%. Providers reported that since March 2021 recruitment and retention were even more difficult than before the pandemic.

The Skills for Care report 'Adult social care sector workforce in 2021' (due to be updated mid October 2022) using data provided by providers using the Adult Social Care workforce data set ASC-WDS) provides the following statistics for CYC:

- 5,400 jobs in LA and independent sector (2,400 residential, 275 day, 2,500 domiciliary care, 550 community & 350 working for recipients of direct payments).
- Turnover rate for adult social care in York is 48.1% which equates to 2,200 leavers (2020/21 data).
- 6.5% vacancy factor which equates to 325 jobs.
- 21% of workers employed on a zero hour contract equating to 1,100 jobs (in comparison CQC non-residential has recorded 47% of all workers employed on zero hours).
- Average hourly rate for LA sector was £15.25 (September 2020).
- Average hourly rate for the independent sector was £10.17 (March 2021).

¹ Joint strategic needs analysis for York 2019

York's nearest neighbours are North Lincolnshire and Calderdale. Key turnover, vacancy and average hourly pay data for our nearest neighbours may be seen below (Source: the Adult Social Care workforce data set ASC-WDS):

Turnover & Vacancy rate

Region	Local authority	Vacancy rate	Turnover rate
Yorkshire & The Humber	York	7%	46%
	North Lincs	5%	36%
	Calderdale	5%	36%

Average hourly pay

Region	Local authority	Average hourly pay
Yorkshire & The Humber	Calderdale	£9.11
	North Lincs	£8.92
	York	£9.54

In summary York, despite paying the highest average hourly rate had the highest vacancy and turnover rates compared to its nearest neighbours.

Our analysis of the wider job market in York showed that jobs in social care were paid a slightly higher hourly rate on average than jobs in retail or hospitality.

To help meet the estimated need the Adult Social Care workforce may need to grow by 35% by 2035, according to Skills for Care statistics. In addition, it is necessary to make certain that individuals possess the appropriate training and abilities to continuously enhance and improve outcomes.

1.4 Commissioning Approach

In Commissioning services, we are committed to the following principles:

- Commission Quality Services that meet high national and local standards, which will be measured through benchmarking
- Prevent, delay, or reduce the need for people to access social care by providing advice, information and services that support people to be as independent as possible
- For individuals who require support provide ongoing care in the individual's own home (home first) rather than in a residential care facility whenever possible
- Ensure services are commissioned based on need and evidence of effectiveness.
- Ensure value for money and costs benefits are maximised
- Deliver positive outcomes for service users by holding providers to account and ensuring outcomes are captured and measured
- Ensure and encourage an open culture around safeguarding, working in partnership with providers to confirm the best outcome that are in keeping with national safeguarding policy and best practice

- Co-production is a key principle to inform commissioning models of care and support, service redesign and maximising independence through strength-based approaches
- We will commission using an evidence-based approach that supports innovation and achieves the best outcomes
- Develop robust strategies for market growth and sustainability
- An outcome focused approach that continues to decommission services that are considered less effective or not delivering excellent value for money

Fair cost of care exercise

York's FCOC exercise took place from late July 2022 to early October 2022. This was a very short and challenging timescale, particularly given that the main engagement activities had to take place during the main summer holiday period in August.

We held several engagement activities with the home care and care home markets to ensure full transparency of the process and to provide an opportunity for the market to share concerns and issues re market sustainability as well as to provide ideas and solutions re moving forward. The market engagement was targeted at:

- Homecare – Framework and exception providers
- Care homes – In area providers

Method	Dates	Activity
Market Sustainability Survey	Issued 17 th August – deadline 2 nd September	To collect information from the market to help complete market sustainability report. Including ideas and potential solutions from the market.
Market Sustainability workshops	13 th September 2022	2 sessions: 1x am and 1 x pm. To gain feedback from the market re working with CYC and to explore potential solutions to improve market sustainability.
Present outputs to Market	18 th October	To present the market sustainability outputs with the providers and to agree the engagement plan moving forward to further develop the market sustainability plan.

Market Responses

The engagement activities were well received and attended.

1. Launch workshop – 21 attendees
2. Market sustainability workshops – attended by 12 organisations
3. Completed market sustainability surveys 12 organisation completed the surveys which represents = 17.4% of the market.

The response rate and participation was very good considering the challenging time constraints.

Assessment of current sustainability of the 65+ care home market

1.5 Current Market & Challenges

CYC has a budget of £35.8M for older people's residential and nursing care. The York older people's care home market is diverse with both national and local companies and comprises 33 in-area care homes. Of the CQC registered care homes (11 with nursing and 22 without), they are registered to provide care for up to circa 1313 people at any one time.

As part of the FCoC exercise Providers were asked to estimate the percentage of their residents who are self-funders (private clients). There were 2 opportunities to provide this information:

- 1 Market sustainability survey
- 2 The CHIP approved iESE cost template

The responses are shown below:

Care Homes	SURVEY	COST TEMPLATE
Care home 1		30%
Care home 2	33%	
Care home 3	80%	
Care home 4		71%
Care home 5		86%
Care home 6	0%	
Care home 7		7%
Care home 8	70%	
Care home 9		64%
Care home 10		55%
AVERAGE	46%	52%
RANGE	80%	79%

A snap shot (5.9.22) of the delayed hospital discharges to care homes comprised 15 service users (SUs) of these 6 required nursing care, 7 were self funders and 8 were not.

The ASC commissioning team estimate that approximately 800 residential care places are self-funded. The submitted financial templates indicated that the self-funder median rate was 60% for FY2122 and 71% for 2022. The high percentage of self-funders causes supply issues in terms of finding available placements. This indicates a high level of demand for services, and therefore less competition in the system. This means that there is less incentive for care homes to accept the lower local authority care fees than there might be in other parts of the country with less demand for care home services. This has forced the market to largely a spot purchase arrangement:

In York Care Homes are contracted on a block and spot purchase arrangement. CYC have 39 block book beds supplied by 3 providers, 2 external and 1 internal. The short term step down beds are provided by our internal service called PSS and we spot purchase the

remainder. The table below provides the types of beds. There is an opportunity to develop the low-level short-term beds for a higher level of need.

York Council Block Beds	
Dementia residential	10
Dementia nursing	10
General nursing	9
Short term, step down beds, internal council service – low level	10

In York we have an oversupply of residential care and an undersupply of nursing care (this was exacerbated by two providers who de-registered for nursing during 2022) as can be seen in the table below. There is also an insufficient capacity for dementia care overall (occupied 92.31%). Based on Capacity Tracker data as of 06/10/2022, the available bed capacity is 1349 beds, with 1123 occupied, and 226 vacancies. The occupancy rates can be seen in the table below;

Capacity Tracker* snapshot for York 6th October 2022			
Vacancy Type	Maximum Capacity	Occupied	Occupied %
General Residential	575	460	80.00%
Dementia Residential	438	370	84.47%
General Nursing	219	185	84.47%
Dementia Nursing	117	108	92.31%
Total	1349	1123	

**Note the capacity tracker is not updated regularly therefore these rates cannot be relied upon with certainty.*

At the time of this exercise there were 33 in area care homes: 3 homes have been rated by CQC as outstanding, 21 as good, 5 requiring improvement, 3 not yet inspected and 1 inadequate. The council's Contracts and Quality team are aware of the CQC ratings and are working to support providers.

The surveyed providers reported that recruitment and rising cost of living was affecting their sustainability.

Assessment of current sustainability of the 18+ domiciliary care market

1.6 Current Market & Challenges

CYC have a budget of £11.7m for domiciliary care. There are 32 home care providers in York that support older adults, plus a smaller number who are registered in North Yorkshire but who deliver care services to people who live in the York area.

CYC has a tier 1 neighbourhood model key provider agreement in place for North, East and West but only have 1 provider on tier 1. A framework contract is in place for the 26 providers

and 6 exception providers. The number of exception providers does fluctuate with new entrants into the market and providers once passing due diligence join the framework. In terms of market stability, we need to diversify our market and regularly add new entrants to ensure continuity of supply. The council currently commissions between 8,000 – 8,500 hours of care per week, on behalf of circa 600 - 665 citizens who have asked for support from Adult Social Care with arranging their long-term care at home. Future work will be to fully understand where the use of technology can enable the safe reduction of care and provide further independence for our residents.

Of the 26 framework providers the CQC rating is 19 rated as good, 4 requiring improvement and 3 not inspected yet. There is no standard fee rate offered to all providers, even those on a framework; this is driven due to the high volumes of self-funders and the fragility of the market. There is a multiplicity of fee rates offered resulting in each provider having a different rate.

The number of SUs requiring 'higher interventions' such as double handed care is low (only 85 hours out of the 461 hours on the waiting list as of 30th September 2022) which implies that more people are being directed to 'bedded care' rather than to domiciliary care.

The domiciliary care market is quite unstable with 3 failures/market exits during 2021/22. This is due to severe challenges in recruitment (with providers sharing concerns re staff being attracted to other non-care sectors and NHS equally). The current market conditions are not supporting the development of the workforce. Providers stated that recruitment was so challenging that they are having to pull staff in from surrounding areas such as Huddersfield and Leeds. This was adding to the money they paid for travel (both mileage and travel time) and staff incentives.

Overwhelmingly providers felt that the numbers of staff required to meet demand would only be met from overseas recruitment which was both costly and challenging. The pressures on the market have also been exacerbated by Covid and high fuel costs which have resulted in exits from the market and concerns re increases in cost of living. This is further compounded by the high level of self funders across the whole York market (70%).

The Home Care Association Market overview report 2021 state that 30% of the domiciliary care market in England is self-funding.) This finding is echoed in a research estimate; in England, LaingBuisson estimates that around 27% of domiciliary care funding comes from private payers.

Providers were asked to provide the size of their self-funder market. There were 2 opportunities to provide this information:

- 1 Market sustainability survey
- 2 Cost template

The responses may be seen below.

Home care provider	SURVEY	COST TEMPLATE
Home care 1	16%	
Home care 2		68%
Homecare 3	10%	13%
Homecare 4	30%	
Homecare 5		16.33%

Home care provider	SURVEY	COST TEMPLATE
Homecare 6		9%
Homecare 7	15%	15%
Homecare 8		4%
Homecare 9	25%	15%
Homecare 10	25%	
AVERAGE	20%	20%
RANGE	20%	64%

CYC's strategic intention is to reduce the amount of general residential care placements both in and out of area and increase our 'home first' offer via strengthening domiciliary care. This is underpinned by a focus on assisting our providers to attract recruits and develop the workforce. We have a programme to assist with recruitment (Making Care Matters) and our workforce development unit provide free induction training however we aim to review and expand this offer.

York is an outlier in terms of having different rates for homecare where our comparators Calderdale and North Lincolnshire have set rates. There are large number of providers requesting fee increases and these are being facilitated by the grant monies awarded and through the council internal processes to help market sustainability at this time.

Rates paid and any under payments the Council currently has in place a pre-purchase agreement with providers. Any payments go through a due diligence process in collaboration with the provider and an action plan would look to pull funding back where necessary and where there is an underpayment, we would work with the provider to pay back in full as soon as possible being mindful of their financial situations to ensure that this does not cause disruption to market sustainability.

The information gathered for this exercise from providers provides a positive platform to review the commissioning approach and retender these services in the next 1 – 3 years as we currently spot purchase, and our priority is the move towards contractual frameworks and agreements.

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

When Section 18(3) comes into full effect for care homes in October 2023 (delayed by 18 months), it will mean that privately paying care home residents will be able to ask their upper-tier council to arrange care for them, at the usual council rate. Care homes which serve an exclusively public paid clientele by definition are not exposed to any 18(3) risk². They stand to benefit from FCOC, whatever the quantum of upward movement from current council fee rates turns out to be. Due to the high level of self-funders in York (70%) paying premium care home rates they are likely to be affected disproportionately.

This reform is a massive risk for our market; providers may see a reduction in their income at a time of rising costs potentially destabilising the market at a time when CYC wishes to reduce residential placements and increase placements for nursing and dementia provision.

² LaingBuisson-Impact-Assessment-of-Section-183 March 2022

Providers may struggle with affordability and be less willing or able to invest in more enhanced/specialist services.

A key financial risk for CYC is that the funding won't cover the high volume of self-funders expected to come through when they have reached the £86k cap. CYC (compared to the regional analysis) already pay a higher hourly/weekly cost and yet still the market is unstable and fragile with 3 domiciliary care withdrawals from the market during 2022 and regular package hand backs.

The York market has up to a 70% of self-funders and the delays in charging reforms means that cumulative demand (Council and self-funders) reduces the affordable commissioning pool which reduces what can be provided and the variety of service provision and creates some instability in the markets as the rates are higher for self-funders. This means when the reforms are implemented providers may not be able to align their business models to an affordable level for the Council and become unstable. If reforms had been introduced in 2023, we would have a larger demand for services through the Council enabling a better negotiation position within the current market and the councils affordability envelope.

Workforce supply is a significant risk. In December 2021 the government added care workers to the home office shortage occupation list with a minimum pay rate of £10.10 per hour, 60p above NLW. In April the World Health Organisation projected a 10m global shortage of health workers by 2030. The costs of overseas recruitment are significant estimated at between £3-£5k per recruit. The supply issue needs to address more than just the hourly rate, parity with NHS terms and conditions and oversea recruitment costs and expertise in the Home Office immigration procedures needs urgently addressing nationally.

It should be noted that York are a relatively high spot payer and yet still have the highest vacancy and turnover rate regionally (see Section 1.3).

The impact of current inflationary pressures needs to be managed at two levels; one in terms of provider level and two at a health and social care system level. York is managing the provider financial pressures in terms of affording the level of service required to meet the needs of the customer within the financial envelope provided. From a system level being able to agree an appropriate uplift that takes into consideration provider issues and the affordability for York Council.

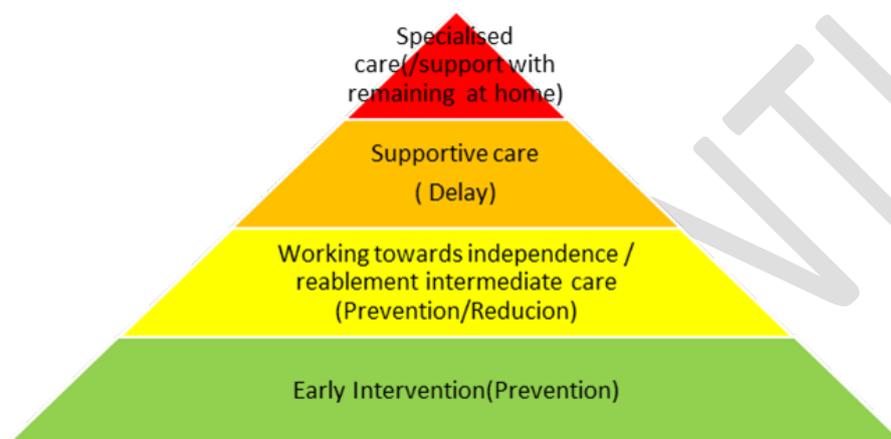
We are also concerned about the risks our wider markets of extra care and specialised older people's services (LD & MH) and the impact on them of moving to the FCoC. This cannot be underestimated as they are an intrinsic part to the care home and domiciliary care markets and source from the same pool of workers.

CYC is undergoing a significant transformation over the next 3 years which will see it moving to integrated locality hubs and implementation of contractual frameworks and agreements, to support and to stabilise the market but recognise that the challenges on the workforce to align more closely with health and other partners and increase their skill base may challenge some providers operating in the City at a time when they are feeling so many pressures from elsewhere.

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

3.1 Alignment with York strategies

The Council of York is in a period of extensive transformation. We will use the market engagement platform that has been established for this FCOC exercise to co-produce our commissioning model. The development of the York market position statement has been completed in March 2023 that identifies current and future need and demand on services. As well as the need to reduce the oversupply of residential care and the undersupply of nursing care and provide additional care in the community sustaining and creating independence.



The highlights of our strategic direction over the next 3 years are:

Move to an Integrated commissioning model with our partners

Our Joint commissioning arrangements aim to maximise the impact of funding from both City of York Council and York NHS CCG to give greater security to the market and ensure an effective, whole system approach from commissioners.

Locality Working

Move to locality working; aligning all services including primary care, community, reablement, voluntary services and domiciliary care to provide seamless services to our population. This approach will be focussed around people's needs and will better streamline people to appropriate services in their local communities underpinned by our 'home first model'

Home First Model

We will continue to develop our 'home first' model; to do this we will:

- Move to a community asset approach of prevention and living well in older age;
- Contract our commissioning of residential care this will be achieved by commissioning more extra care and domiciliary care and by developing equipment solutions and telecare to maintain people safely in their own homes.
- Adopt a re-ablement approach wherever possible to maximise and promote independence of people; to do this we plan to work with our domiciliary care providers to identify training needs and support them to work differently. In addition to this we will review the quality of our current re-ablement provision.
- Find new ways to empower our domiciliary care providers to become 'Trusted Assessors';

- We will implement the '3 conversations' model to educate our social workers and Trusted Assessors to reduce long term packages of care.

Brokerage Hub

Enhancement and implementation of a brokerage hub to enable residents to continue to maximise their independence, choice, and control in line with the care act 2014 and in accordance with the Councils principles and priorities.

- Use the Home First and Telecare First approach
- Develop a knowledge of and form good communication and relationships with the different providers
- Strengthening the brokerage hub approach with a Telecare Assessor, Occupational Therapist and Social Worker being part of the Brokerage Team building on individuals existing skills, access community and personal networks to enable them to live as independently as possible.

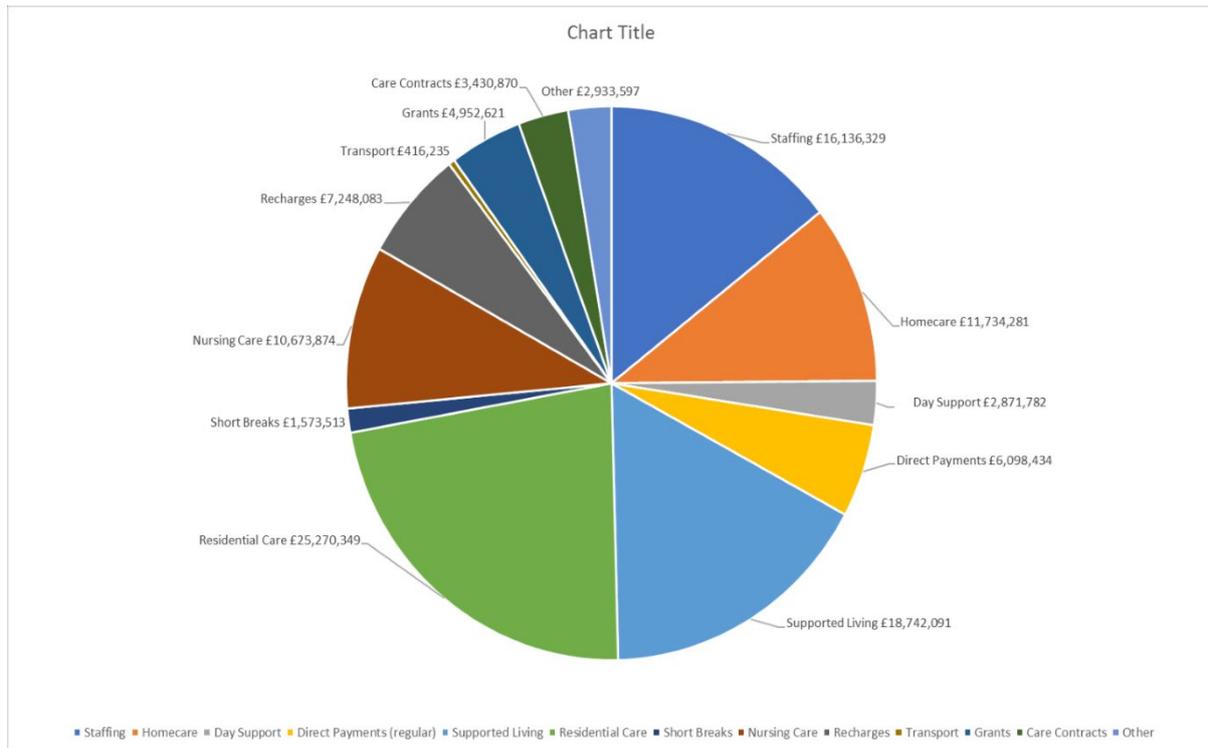
Re-commissioning of current and new services and the expansion of essential services to support our Home First Model

The council will review current services with various stakeholders such as residents, staff (Health and Social care), network groups and the market to:

- Review and recommission of our reablement service with our partners to align to locality working
- Develop, commission, and implement a contractual in-area care home framework to secure services through contractual agreements and outcomes for our residents.
- Expansion of our Rapid Response service to enable greater capacity to facilitate hospital discharge
- Utilise our assets in an innovative way such as our internal services to provide opportunities for hospital discharge and a home first approach
- Review our home care provision in terms of commissioning model, outcomes for people, recommission and implement a contractual framework for service delivery

3.2 Financial context and Impact of moving to FCOC rates

Like many councils across the country, York is still facing increasing pressure on finances. In 2021/22 we spent £112 million on adult social care services, the majority of this spend was on care services purchased from the independent or voluntary sector with the remainder spent on assessment and the provision of our own in-house care services, buildings, transport and running costs, please see chart below.



Currently the fees are not sustainable, and the market requires resetting and rebalancing with our comparator authorities. York is currently undertaking a fee setting exercise which is intended to address the variety and span of provider fees. The variance in prices the authority pays in a variety of areas is undesirable and requires capping through appropriate procurement processes.

Year 1 Funding allocation 22/23

CYC are using the funding to support requests from providers who do not feel that the current rates enable them to currently sustain their business. However, evidence and data shows that rates in York are already relatively high and would be looking to support only the providers at the lower end of the market at this time.

From the total received we used £123k to administer and carry out the exercise. This included procuring a consultancy group to work alongside the City Council to complete the exercise. £371k was used to pay enhanced rates to secure market capacity including Dementia nursing.

We plan to undertake further analysis of the data provided for the FCOC with our providers to increase our confidence in the data provided so that we feel more confident in determining the fee rates for both markets. This confidence will more definitively inform our budget setting process for 23/24. We are also planning (in 2023) a large procurement of our care market which will include an approved provider list/framework.

Years 2 and 3

Our approach in years 2 and 3 will be largely dependent upon the financial settlement from the Market Sustainability and Fair Cost of Care Fund. Any cost of care increases will be prioritised to the areas we wish to develop in the market.

3.3 Market Development Programme

York has recently undertaken a significant transformation of the teams and has now in place an All-Age Commissioning and Contracts team and a Head of All-Age Commissioning and Contracts from February 2023. We are using the market engagement information from this FCOC exercise to engage with our York market through a series of workshops to develop and sustain the market. Ideas produced from the providers who took part in the surveys and 1:1's with Adams Consultants on behalf of York Council will continue to be reviewed together to look at the activities that can add value for money to market offer.

There will be a number of Workshops in March through to May 2023:

Workshop 1
Introduction to the Team – All Age Commissioning and Contracting
<i>Where we are currently - present the high-level findings of the FCOC</i> <i>Discrepancies in some of the data work with the market to understand these areas</i> <i>MPS (market position statement) areas to explore</i>
Workshop 2
Feedback on Progress to Date for Fee Setting for York Cost of Care
Contractual Frameworks Re-commissions
Workshop 3
Final Outcomes of Fee Settings and Contractual Mechanisms
How we will work with you going forward
Feedback on non-price elements from FCOC Exercise

Series of recommissioning of current frameworks to existing/new commissioning models to sustain the market

Market Engagement:

1. Re-introduce provider forums in a co-production approach providing the opportunity for both the providers and the council to have regular dialogue on areas that will enable sustainability of our markets
2. Re-introduce true coproduction with the market when recommissioning, redesigning, and commissioning of new services for our population at the earliest opportunity
3. Continue to work with the ICG (Independent Care Group) one of the voices of independent care
4. Continue to communicate with the market via the provider bulletin making available information, guidance for a range of topics and to deliver key messages to the market
5. Ensure that providers are aware of the Yor-tender service where opportunities are advertised and bid for and the necessary guidance to ensure fair, open and transparent opportunities for the market

3.4 Areas to develop wider solutions which could support sustainability

As part of the FCC exercise we ran a number of provider engagement events, whereby providers were given the opportunity to highlight sustainability challenges and propose potential solutions that could promote market sustainability. These solutions were seen as activities that could be undertaken, *in addition to* paying a York cost of care.

The key themes arising were:

- Contractual frameworks, agreements and commitments develop with the sector a longer-term partnership with the Council and move away from 12-month funding agreements to a more longer-term partnership. To enable long-term security and planning which will in-turn will ensure the sector is embedded into future working and improve long-term outcomes.
- Workforce (e.g. strengthening recruitment solutions such as Making Care Matter, assist with overseas recruitment processes, explore links with Universities to optimise allied health professional and nursing students to the care sector pool, target free induction training).
- Commissioning (e.g. ensuring that specifications reflect robust definitions of complexity, address remuneration for voids, hospital admissions etc).
- Council processes (e.g. work with social workers to set Service User expectations such as sex of care worker and time of calls).
- Improvements across the system (e.g. involve care home and domiciliary care providers in strategy and planning re discharge processes).
- Other such as fuel grants, green energy incentives, parking solutions etc.

We are keen to build on these ideas and suggestions and refine them further as part of an ongoing dialogue with providers and other local stakeholders.