

## Annex C: market sustainability plan template – Dorset Council

<b>Section 1: Revised Assessment of the current sustainability of local care markets</b>
<b>(a) Assessment of current sustainability of the 65+ care home market</b>
<p>Dorset has 100 care homes, with around 3,500 beds when fully occupied and fully staffed. Around 24% of those beds are Council-purchased and the remainder are largely self-funders, with a small amount of other statutory agencies (other local authorities, NHS). Occupancy rates are at around 82% - in part as a business decision by owners and in part due to staff availability. CQC ratings are generally good, with six outstanding, five requiring improvement and one inadequate. One third of homes are designated nursing, two thirds residential.</p> <p>Homes are generally smaller than that considered economically 'ideal', with 14% under 20 beds, 61% in the 20-49 bed range, and 25% over 50 beds. Only 12 are in the ideal 60+ bed range. A picture of overall stock quality is steadily being built, alongside planning for higher acuity. Between August 2020 and 2021, four homes closed citing economic viability. 69 different companies operate, and only 5 operate more than 100 beds each. The Council sources 165 beds out of county, with new brokerage approaches are expected to garner more insight into reasons for out of county placement. Only 16 homes accept the rates paid through the Dorset Care Framework, which led to Dorset beginning a 'FCOC' exercise in advance of the national mandate. In September 2021, Dorset Council funded 1,036 placements, 75% in residential and 25% in nursing, with 84% of all placements in the county, and 16% out of county.</p> <p><b>Workforce</b></p> <p>Workforce is a key factor in sustainability, with difficulties in recruiting and retaining staff in the face of competition from other market sectors over terms and conditions. Geographical availability of staff who can easily commute to homes is a pressing factor in some more rural parts of west and north of the county. Availability of nursing staff is a further particular issue.</p> <p><b>Self-funders</b></p> <p>Of significant impact is the purchasing behaviours of individual self-funders. Even more so that with home care, private payers are charged, and can pay, higher rates for residential care than the Council pays. This drives a different 'product', with evidence that Dorset care homes provide more care hours for given levels of need than in other benchmarked areas, with the increased care delivery adding up with other discretionary elements to make up a more desirable product for the self-funder. There is evidence from practice and case review that some people make an independent decision to go into residential care ahead of when the Council would ordinarily assess this as being right for them at that point in their care journey. In 2020/21 the Council spent £2,226,611 on the care fees of 64 individuals who had run out of their own funds.</p> <p><b>Complexity and levels of care provision</b></p> <p>Particular difficulties are routinely reported by brokerage teams around the sourcing of placements for higher levels of need and greater complexity, principally in terms of complex dementia and behaviours that challenge services, and this is an area of the market that will need further development. To assist further work with the market on the development of these options, it is critical that clear definitions around the four levels of complexity of care (residential, complex residential, nursing, complex nursing) are adopted.</p> <p>However, in assessing 'fair cost', our consultants found that there was a higher level of hourly care provision per resident week than their benchmarks would suggest should be the case. This was variable between different types of residential care, but some excess was common to them all. This suggests there are opportunities to reduce the overall cost of care delivery, the demand on workforce of limited availability (for the same identified outcomes) and therefore potentially contain some of the inflationary pressures in the market. We will want to test this further when we re-run the FCoC exercise.</p> <p><b>Geographic challenges</b></p> <p>There are geographic imbalances in the availability of care, which need to be acknowledged and factored into any future planning about residential care availability. They also need to be reflected in future market position statement development so that independent providers who consider opening new facilities are clear on where need lies in the county. Development of residential services in very rural areas is a challenge, away from population centres that are</p>

sources of potential workforce. This will remain a discussion point for families as well when considering locations for residential care placements for relatives with care needs.

### **Council's strategic purchasing and contracting activities**

Improvements have been commenced in how the Council's purchasing practice assists the development of a more sustainable market in residential care, consolidating placements with fewer providers, allowing for a deeper and more long-term partnership with key providers so we can test new contract options or care types (including intermediate and other short term care).

Additionally, whilst the Council brokers for NHS Continuing Healthcare, on behalf of the NHS, it does so in a limited transactional manner, rather than full end-to-end completion of the care arrangement process – discussions are underway with NHS partners to develop this position, maintaining consistency in practice across statutory agencies' market engagement.

### **Cost of care**

The independent cost of care analysis commissioned by the Council in 2021 suggests that the Council currently pays on average at or around FCoC for residential and nursing, but pays higher for dementia support. As mentioned above, it also suggested Dorset homes provide higher levels of care hours per resident per week than the consultants' benchmark. We continue to track how far our current actual and benchmark rates stand from the Fair Cost, as we consider inflation approaches each year. There is not yet any significant impact being felt through the delay of charging reform, albeit that this set a sense of clear impetus for a different engagement between the market and the Council. We are confident that developments in the market relationship, and our renewed approach to annual uplifts, will continue to sustain that impetus for reform.

### **Provider Feedback**

We have plans in place to continue the dialogue on these plans through the Dorset Care Association, linked to our uplift announcements and the Fair Cost of Care rerun, so that we have a more consistent and ongoing conversation between commissioners and providers, and which can maintain and deepen that broader view on the sustainability plans, rather than focusing almost exclusively on the annual negotiation of rates.

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

There are around 70 homecare agencies providing to older people, a subset of which also provide to adults under 65. For older people, 12,400 hours (approximately) of homecare are commissioned by the Council per week, for 1,150 older people. 28 agencies are on the Dorset Care Framework, the remaining 42 being spot contracted at generally higher rates. 75% of the Council's business is contracted from the Framework.

In Winter 2021, at a point in time 5,000 care hours were being sought, amongst the impacts of which were 70 patients waiting for discharge from hospital and 225 people in the community awaiting their assessed community care. 74 contract 'handbacks' occurred between June and November 2021, with workforce availability cited as the main reason.

### **Workforce**

The principal challenge for homecare concerns workforce stability and capacity. Currently stability is deteriorating, due to a range of factors including the pandemic, burnout, and overseas workers not returning either due to pandemic-related decisions or immigration status. Workers can also find more attractive terms and conditions in other industry sectors, including tourism and logistics – and providers have fed back the sort of wage levels that need to be met to become more competitive. Skills for Care have estimated that in excess of 3,600 further care workers will be needed in Dorset by 2035, whilst the proportion of the population of working age is projected not to grow significantly. Staff turnover in September 2021 was estimated at 33% - roughly equivalent to regional and national averages, but to reduce this would be a major intervention in supporting a more stable market.

### **Rurality**

Rurality is also a key factor, with long travel times and mileage required in some parts of the county, which is being currently exacerbated by the cost of living crisis and the increasing price of fuel. These issues are further exacerbated in the summer months when the tourist traffic across the county renders journeys between care appointments even more challenging. There

are some significant hotspot areas for these problems. Providers are using scheduling tools, but there may be opportunities to improve consistency of practice and share best approaches.

During 2021, however, challenges also became more acute for our major towns. For example, Weymouth never used to experience waits for care, with such waits now becoming a new norm. Whilst the rural disparity remains, this highlights the building pressure across the whole system.

### **Self-funder competition**

Self-funder competition is also a factor in this market, with only one provider having more than 75% of its business with the Council, and most under 50%, with higher rates paid by self-funders adding pressure on the availability of care to meet needs assessed for residents by the Council. For homecare, this is very much secondary to the overall issue of workforce availability.

### **Provider Feedback**

The early stages of implementing these plans have been met with a positive reaction from providers. We continue to see new providers being on-boarded to the Dorset Care Framework, including in supported living for those with learning disability, where one provider has identified publicly the Council's thoughtful approach to fair cost and workforce as having contributed to their ability to achieve a CQC outstanding rating: *"So even as we celebrate the hard work and professionalism of our colleagues in securing this 'Outstanding' rating, we wish to say thank you to our commissioners for making it possible. Dorset, this 'Outstanding' is also for you."* [Dimensions Dorset, website]

We have plans in place to continue the dialogue on these plans through the Dorset Care Association, linked to our uplift announcements and the Fair Cost of Care rerun, so that we have a more consistent and ongoing conversation between commissioners and providers, and which can maintain and deepen that broader view on the sustainability plans, rather than focusing almost exclusively on the annual negotiation of rates.

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

Whilst the reforms that would have changed self-funders' relationships with the market have been paused, Dorset Council has taken the view that there are some critical areas that it is still important to prepare for. In order to sustain the local system, our decision on future uplifts in fees that are paid will continue to be balanced across all markets, but with an emphasis on homecare services. This is in recognition of the importance of the homecare sector on reducing people's reliance on long-term residential care when their needs might not otherwise indicate it as the right option for them. This also recognises that, in the absence of national care system reform, there continues to be a more significant self-funder subsidy available to the residential market to provide an overall sustainable operating environment – and that one of our key responsibilities to those self-funders is to focus on making sure care-at-home is widely available so as to make residential care an important but last resort option.

Both now and into the longer term, with or without the charging reforms, we need to ensure that we have the right capacity in place to support flow through the system. This includes capacity to ensure that people can access an assessment of their needs, and that may include digital options for people to 'self-assess' in the first instance. This would be part of an important set of development in information, advice and guidance, which go beyond static information provision and allow people to model for themselves different care scenarios and options as they weigh up their decisions. We aim to intervene more strongly to support self-funders to make decisions relating to their care that potentially allow them to remain in their homes for longer – and hopefully, as they do so, to draw on the more robust and stable homecare workforce that our fair cost interventions will deliver. Our homecare optimisation project, including geographic zoning, trusted assessors, and improved contracting approaches is starting already to show results: further providers are being attracted on to the Dorset Care Framework 2. This promises, therefore, to be a significant shift to how the Council works with the market into the future, and is fundamental to an ambitious suite of interventions to improve the hospital discharge pathway, including community-based reablement and community resilience services, and the development of bedded reablement options. This is also the case with emerging programmes around enhanced care homes under development by NHS partners through the Integrated Care System. We recognise therefore, and are building upon, the interrelationship between the Dorset Care Framework, our approach to fair cost and fee rates, and the innovations and interventions

that a stable and sustainable position for social care needs within the wider health and care system.

Maintaining a more responsive and developed relationship with the market will also require some additional resources in commissioning and contracting, commercially-minded business analysis and data management. We recognise there is more that we can do to draw on data, share insight, and use it to target our interventions.

Changes being implemented to the rates paid for homecare have an equivalent impact on amounts provided under direct payments to those who make their own care arrangements, including employing their own personal assistants or other 'micro-provider' provisions. This will include clearer definitions of rates for various provisions from these alternative sectors.

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

The strategic intentions and actions within this plan are integral to the Council's commissioning strategies, newly adopted by Cabinet on 28 February 2023. The strategies and these plans both build on engagement with providers – as part of a wider engagement process with partners and the public – and this included through the cost of care assessment process, which Dorset Council initiated ahead of the Government mandate and policy. Dorset has identified the need to improve data on the purchasing of care in the market by self-funders and others. The Council is in the process of drawing up plans for a new Market Position Statement, expected in digital form with the possibility of interactive and near-live data about purchasing trends, etc.

#### **Prioritisation**

In terms of prioritising investment, a robust approach to commissioning home care is critical both for the care at home system, and for the residential and nursing care system. Having at-home options available for people is central to deferring people's entry to residential care. Therefore, we have already moved to paying what was assessed as the Fair Cost in the 2021 exercise. This cost more than was available in our Fair Cost of Care grant funding, and the additional investment was made possible by a one-year allocation of funds for social care market stabilisation by the NHS, which effectively brings forward the availability of the allocations expected in future years from government funds. For the sake of clarity, we confirm that the entirety of the Market Sustainability & Fair Cost of Care Grant allocation for 2022/23 was paid to providers through the uplift.

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

For both cost of care exercises, many opportunities were created for providers to engage with the process. Engagement was better for the care home exercise than for the home care exercises. Nonetheless, in response to market feedback we have included in our plans to rerun the exercise during the lifetime of the Market Sustainability Plan – these will be crucial to validating our approaches on uplifts since the exercise was taken, and allow for more providers to have their voices heard in the analysis.

#### **Market Relationship Management**

One key intervention from this plan, which has already been delivered, is to form an agreement with the Dorset Care Association for its reinvigoration and development as a key partner to both the Council and the local markets in social care services – advocating their position and supporting the Council in the delivery of priorities that require market participation. We are grateful to the DCA for their assistance with a number of key schemes, including trusted assessor programmes, Home First accelerator capacity, and Fair Cost.

#### **Inflation**

As this national policy agenda has rolled out, it is clear that there is a more challenging inflation environment than was envisaged when it was designed. In terms of progressing towards paying the Fair Cost of Care, this is held back by the impact that inflation has on what is actually assessed to be that Fair Cost. Across all markets, we had set out to use as the gold standard an approach that involved inflation being modelled in future years, with rates set for April on the basis of the *predicted* inflation at the following September. The following April would then adjust for *actual* inflation in that year, and apply the new prediction for coming year. In practice, we do not have the funding to follow this approach strictly, even when assembling a package of grant funding, partner funding and efficiencies in purchasing practice. This approach to inflation was always a commitment made subject to sufficient government funding being made available to the

Council and will always be subject to the legal requirement for the Council to set a balanced budget. However, we have been clear in our commitment to use the analysis provided by the Fair Cost, to explain our thinking, and to take reasonable decisions about how to deploy available funding to best support those areas of the market most in need, and where most overall impact can be achieved on the outcomes for local people.

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

##### **Fair Cost of Care**

The Fair Cost is a benchmark-adjusted assessment of median costs for elements as follows:

- Rates calculated for residential, residential (complex/dementia), nursing, and nursing (complex/dementia)
- Account of costs in a full breakdown, as provided by the providers that took part, and based on providers with generally market-standard occupancy and across the middle range of the size of local homes
- Removes temporary additional costs relating to pandemic management
- Removes geographical variation in rates paid, which wasn't found to have an evidential basis
- Assesses wage levels in the local market and ensures that the rate can support them
- An allowance at a market standard rate of 5% for return on operations. An amount for return on capital which allows for 5.1% return, based on median property values and the local housing allowance rate for a 1 bedroom property. Both of these are benchmarked by our consultants as being reasonable for the industry

Expected journey to Fair Cost of Care over the plan period is currently being re-evaluated in light of changes to the expected funding regime for Market Sustainability. However, subject to the results of the repeated Fair Cost exercise (Q1 2023/24) and accounting for inflation, it is intended to track progress towards the fair cost over the years ahead, focusing on raising the position of those currently paid below fair cost.

It is anticipated that funding will not be sufficient to achieve this journey during the lifetime of this Sustainability Plan, given currently predicted rates of inflation. Nonetheless, it still represents a significant additional investment in the lower-priced part of the market. Given also that inflation is volatile at the moment, as the Government moves to intervene in the energy market for businesses and individuals, it is proposed that the approach to inflation is tempered with an engagement with providers on an 'open book' basis to understand actual costs and respond where the Council is in a position (and funded) to do so. This would be consistent with the Government's policy expectation that the Council moves in significant steps towards paying the fair cost of care over the plan period.

##### **Actions proposed to improve market sustainability**

To proactively and strategically work to improve relationships with providers:

- *Collaborate with market leaders on establishing a more active provider association, and jointly agreed plan for the future, aligned to our emerging commissioning strategies*

To continue to develop understanding of the 'Fair Cost of Care' and refine implementation:

- *Continue to develop dialogue around financial issues in residential care delivery*
- *Establish agreed set of definitions on the levels of complexity in care contracting, which will include understanding of the number of care hours typically required and allow us to address the higher care hours found in the FCoC analysis*
- *Repeat FCoC exercise to inform 2024/25 budget setting*

To improve contracting processes to better drive innovation and responsiveness:

- *Establish new contract types to match definitions of care complexity and options around intermediate and other flexible provision*
- *Dorset Care Framework 2 commissioning to formalise new elements in care delivery, which includes the NHS as a partner and so presents opportunities to make the DCF2 a more powerful instrument in supporting ICS ambitions – alongside the development of Care Dorset (LATCo) as a strategic partner*
- *Develop strategy for delivery of extra care and other accommodation with support, and associated market development plan*
- *Implement e-brokerage system and PAMMS provider quality management system to strengthen brokerage activity (more efficient, more commercial), with associated council workforce development plan (to include stronger contract management, option for NHS offer)*
- *Establish strategic provider relationships on which to base more consolidated and transformational purchasing, and allowing for the development of more trusted assessor/trusted practitioner models*

To work with the market to tackle workforce challenges:

- *Develop shared workforce plan with providers*
- *Develop housing plans that support keyworker housing for areas where targeted support is needed to build the local workforce*

To build on strengths-based approaches to better support individuals; choice, control and independence:

- *Develop information and advice provision, proactive and targeted to those making decisions about their care and costs under new financial rules – especially issues around what counts to the cap, etc.*
- *New technology will allow for some assessment self-service, linked to other strands of the reform programme implementation, and harnessing opportunities for more tailored and targeted delivery of information and advice*

To develop new forms of provision that can better meet residents' needs:

- *Council-initiated development of new residential provision to meet higher-level needs*
- *New extra care housing developments to support effective care delivery in people's homes for longer*

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

### **Fair Cost of Care**

Elements of the approach to the rate for the Fair Cost of Care include:

- We have set an expectation of a wage rate of £10.50/hr for a care worker. This is competitive with logistics and hospitality sectors. Keeping this figure "current" will be a critical part of our future approaches to uplift planning, and in assessing the competitiveness of local wages we intend to refer to both the position in competitor markets and the movement in the National Living Wage. How we can respond in any given year will be dependent on availability of funds.
- Costed the expectation that 45p/mile is paid for travel costs, in line with HMRC approved rate.
- In recognition of the mixed urban/rural geography of Dorset, we have established two rates, the rural rate reflecting the increased travel time that needs to be paid to care workers.
- Inflation has been applied to 2021 assessed prices to make them fully applicable to 2022/23.
- Return on operations is assessed at 5%.

### **Actions proposed to improve market sustainability**

To proactively and strategically work to improve relationships with providers:

- *Collaborate with market leaders on establishing a more active provider association, and jointly agreed plan for the future, aligned to our emerging commissioning strategies*

To work with the market to tackle workforce challenges:

- *Develop joint workforce plan with provider market, including promotional activity, to address recruitment and retention challenges, and pave the way for the development of increased specialisms*
- *Work with providers on round optimisation, under new 'zoned' approach, to improve retention*
- *Develop housing plans that support keyworker housing for areas where targeted support is needed to build the local workforce*

To continue to develop understanding of the 'Fair Cost of Care' and refine implementation:

- *Strengthen dialogue on FCoC, leading to early repeat of exercise to improve engagement*

To develop new reablement and other short-term interventions for independence:

- *Develop new reablement model with Care Dorset, as a community preventive intervention, supporting ICS strategy and developments*

To improve contracting processes to better drive innovation and responsiveness:

- *Implement Dorset Care Framework 2 as vehicle for reforming operation of homecare and reablement system*
- *Design new contracts, emphasising recovery and independence and stronger links to VCSE*
- *Implement e-brokerage system and PAMMS provider quality management system to strengthen efficient brokerage activity, with associated council workforce development plan*
- *Establish strategic provider relationships on which to base more consolidated and transformational purchasing, and to develop more trusted assessor and trusted practitioner models*

To build on strengths-based approaches to better support individuals' choice, control and independence:

- *Improve information/advice provision, aimed at supporting good decision-making including self-funders and promoting alternatives to contracted homecare (PAs/direct payments, etc.)*

- *Develop strategy around delivery of extra care and other accommodation with support, and associated market development plan*
- *Development programme around personal assistants and other microprovider activity*
- *New extra care housing developments to support effective care delivery in people's homes for longer*

To harness technology to better deliver care outcomes for individuals and improve access:

- *Implement plans to develop and promote technology-enabled care options, to improve efficiency of care delivery, incl. training providers and expanding trusted assessor schemes*
- *New technology will allow for some assessment self-service, linked to other strands of the reform programme implementation*