

Annex C: market sustainability plan

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

Haringey Demographic Overview

Haringey is an exceptionally diverse and fast-changing borough with a population of around 266,400. Over two-thirds of the population are from ethnic minority backgrounds, and over 180 languages are spoken in the borough. On current trends Haringey's population is expected to increase by 5% by 2030; the older age to working age ratio is accelerating with the 65–84-year-old population expected to grow from 25,348 to 33,076 (+30%), and 85+ growing from 3,285 to 3,897 (+18.5%).

There's a big variation in overall and healthy life expectancies associated with deprivation in Haringey: people in the 20% most deprived wards can expect to be in good health until, on average, 54 years, whilst their counterparts in the least deprived live in good health, on average, until 70.

Impact of the Pandemic

We estimate the number of people with moderate/severe frailty aged 65+ receiving care and support from the council increased by ~20%-25% post-Wave 1 due to deconditioning. Our local community-based health and social care providers have responded well and helped mitigate the number of older people who had crises resulting in Emergency Department attendances over the last 18 months, with admissions decreasing. But it meant there was an increase in the complexity of older people admitted to hospital needing care and support in acute and then community settings e.g., the average length of stay for those aged 75+ at North Middlesex University Hospital increased from 10 to 13 days between Mar-21 and Jun-22 due to a small group of patients needing much longer lengths of stay. This has wider system consequences as the typical complexity of short- and long-term care and support needs for each older person post-recovery is now greater than pre-pandemic, placing resource pressures on community services.

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

Market Overview

The 65+ care home market operates at a sub-regional, North Central London (NCL), level, with 133 homes (4,650 beds); there are just eight homes (328 beds) within Haringey including one nursing home (117 beds). The sub-region has proportionally more residential (58%) and fewer nursing beds (42%) than other areas of London, which impacts on availability of local provision. We address this through supporting more people with high needs at home, strategic market management across the 5 boroughs and market shaping activities.

The majority of homes are small (30% under 20 beds; 38% 20-49; 8% 50-59 beds; 24% 60+ beds). Only five have 100 beds or more. Occupancy is around 82%. Our homes generally have higher staffing ratios and better facilities than the national average, which reflects that we only place people in homes that have high needs.

Since 2015, the rate of care home closures in NCL has been double that of the national picture, which has impacted on local availability.

All care homes in Haringey are CQC rated Good. Across NCL 80% are rated Good or Outstanding, with 15% Requiring Improvement.

Haringey Council commissions ~30% of placements within borough, ~40% within the wider NCL, and ~30% outside of NCL. For nursing placements this picture is more acute, with over-reliance on a single in-borough provider; ~25% of placements are made within the borough, 55% within the wider NCL, and 20% outside of NCL with numbers increasing.

Residential placements made by Haringey Council have been reducing year-on-year and we expect this trend to continue over the next five years as the Council works with the market to develop alternative options for people to remain living in their own homes and communities for as long as possible. The number of nursing placements has been increasing in recent years, and although numbers decreased significantly during the Covid pandemic, we have seen this trend begin to reverse and we anticipate a return to pre-Covid levels of demand over the next five years; the complexity and acuity of need we are seeing is also increasing, including the prevalence of dementia and challenging behaviour.

Market Management

There is a market management strategy across North Central London (NCL) for the care market sector run by the North London Councils programme team, which aims to develop a sustainable, high-quality market for care and support services across the sub-region. Across NCL, Councils have developed and implemented a consistent and fair approach to the annual inflationary uplift process to ensure a fair cost of care is paid to providers, using external analysis from Care Analytics to receive an independent assessment of local markets. Through this work we aim to identify a fair cost of care for providers in each borough and have moved towards paying providers this rate to develop a sustainable marketplace. Rates agreed with providers have assumed a reasonable surplus and no cross subsidy from self-funders. With pressures from changes to the cost of living and inflation rates at higher than anticipated levels, prices that were sustainable for Councils and providers may no longer be so.

Haringey has considered the relationship between rates of pay for care workers, possible recruitment issues, and the resultant impact on quality, and has consequently committed to and started implementing London Living Wage (LLW) to all in-borough frontline staff.

Haringey's in-borough fee rates are currently on average ~£40 per week higher than compared with the NCL area for residential placements with a wider spread of rates. However, for nursing placements in-borough fee rates are ~£35 per week lower; the majority of these placements are made through a block contract, perhaps demonstrating the greater ability to achieving sustainable pricing through block contracts.

	Average	Lower Quartile	Median	Upper Quartile
65+ Residential (Haringey Only)	872	775	808	925
65+ Residential (All NCL)	835	759	780	856
65+ Nursing (Haringey Only)	1,057	950	951	979
65+ Nursing (All NCL)	1,092	950	1,029	1,200

Challenges

Land and property prices are amongst some of the highest in the country in NCL, which impacts on providers ability to develop new provision, and has led to high levels of closures in recent years as providers seek to re-purpose land.

There is a growing need for additional capacity for residents with the most complex needs who require support over and above a conventional nursing care placement due to a combination of physical, mental health and behavioural needs. We are coproducing a solution to this with local providers and the ICB for enhanced clinical support.

There are significant recruitment and retention issues for the social care workforce nationally which is mirrored in NCL, exacerbated by the cost-of-living crisis. There are 36,000 social care jobs in NCL and at the end of 2020/21 the vacancy rate was 6.2%, equal to 2000 jobs. Approximately 30% of

the workforce who enter the sector leave the care sector entirely within a short period. Care home nurse recruitment is proving particularly challenging given the national shortfall of nurses and competition with the NHS and this presents a risk to the sustainability of the nursing home market. An increase in demand in bed provision to support short term placements from hospitals is an additional administrative task expected from our care homes with an increasing need for nursing, occupational therapy or services to ensure adults return home.

The NCL programme team have a workforce development programme that leads on coordination of Workforce development across the sub-region and represent Social Care within ICS forums. The programme created the Proud to Care North London site which is used to advertise job vacancies and training opportunities across NCL to support providers with recruitment, and work is underway to support providers with International Recruitment. However, whilst we have significant workforce challenges, our vacancy, turnover and zero-hour contract levels are below London averages, and we have an increasing number of providers that pay LLW.

Although Haringey operates a mixed economy of block and spot contracts, there remain a higher than desirable number of spot contracts across a wide range of providers, limiting opportunities to develop stronger and more long-term partnerships with key providers. It also impacts on fee rate sustainability and ability to place those with the most complex needs. Haringey council aims to reduce the use of spot contracts with a greater focus on block contracts by 2025.

Purchasing behaviours of self-funders is also impacting the local market, with recent and planned new provision in the region increasingly targeted at those who fund their own care. This is coupled with a trend where homes that have closed over the last three years are homes that were regularly used for Local Authority placements, reducing the amount of care home capacity available at a sustainable price point.

The Council have reviewed the inflationary pressures for 2023/24, informed by London ADASS Care Analytics 2023/24 inflation briefing for London.

The impact of the delays to the charging reform have been largely positively received by the council and by providers. It has given the authority more time to prepare the market and we support the delay. The level of funding has been insufficient; we will use the period of time caused by the delay to assess funding.

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

Market Overview

In Haringey, ~17,000 hours of home care are commissioned per week to support ~850-900 people at any given time; older people is the dominant subset of the overall homecare market. Around three-quarters of commissioned hours are for visits of up-to 60 minutes.

70-80 agencies provide care at any given time, with 20 providers delivering 80% of hours. Block contracts are in place with seven providers, currently delivering ~30% of care hours.

The majority of providers are small or micro, including not-for-profit organisations, with a number of culturally specific or specialist-need providers.

Haringey only commission new packages with Home Care providers CQC rated Good or Outstanding.

Local market analysis indicates that there are not many homecare providers that deliver significant numbers of hours for both private and council-funded residents, and therefore cross-subsidy is unlikely to be as significant as it is for the care home market.

Market Management

In 2020, Haringey introduced a new model of locality-based home support and reablement, delivered by seven “trusted” providers across 12 block contracts. The model is designed to better enable services to be more responsive to the needs of service users and is focused on preventing ill health and proactively managing service users with complex or long-term health conditions.

A proportion of home care packages remain as spot purchases, via a Dynamic Purchasing System (DPS), to ensure the opportunity for small/micro, including not-for-profit organisations and existing Small and Medium Sized Enterprises, to remain in or to enter the market.

Fee rates have been significantly uplifted over the past two years, bringing Haringey in line with the higher rates being paid by neighbouring authorities, and enabling providers operating in Haringey to attract and retain good staff, thereby improving the quality of care we are able to provide. All providers are now expected to pay their care workers LLW and travel time.

As with the care home market, the NCL programme team have a workforce development programme that leads on coordination of Workforce development across the sub-region and represent Social Care within ICS forums, including the Proud to Care North London site advertising job vacancies and training opportunities across NCL.

Currently fee rates average £17.93 per hour with a £1.18 range between lower and upper quartile.

	Average	Lower Quartile	Median	Upper Quartile
18+ Home Care	17.93	17.40	18.24	18.58

Challenges

The principal challenge concerns workforce stability and capacity. There are a range of factors at play including the pandemic 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 retail and logistics.

Skills for Care estimate that between 2019/20 and 2020/21 jobs in domiciliary care in London increased by around 7,500 jobs (a 7.7% increase) and estimated that an increase of 29% in social care jobs will be needed in London by 2035, whilst the proportion of the population of working age is projected not to grow significantly. Turnover in Haringey in care staff for 2020/21 is estimated at 16% and vacancies at 5%, both of which are low for the region.

Although there isn't a significant issue with capacity in the market per se, business is spread thinly across many providers, making our stated objective of delivering 70% of care hours through trusted provider model challenging. With better contract management we can affect further change though consolidating more care hours into a small number of providers.

The Council has reviewed the inflationary pressures for 2023/24, which have been informed by London ADASS Care Analytics 2023/24 inflation briefing for London and this will inform our uplift position for the coming year.

Again, the impact of the delays to the charging reform have been largely positive received by the council and providers, albeit there is evidence that charging reforms will have less impact on domiciliary care provision as cross subsidy is less prevalent. It will give the authority more time to prepare the market and we support the delay.

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

We anticipate that the challenges outlined in section 1 will remain over the next 1-3 years, necessitating the need to work even more closely with both markets to tackle issues and sustain both markets, whilst at the same time reducing the need for residential placements by continue to invest in alternatives. Specifically, workforce and recruitment will continue to remain an issue; as will the challenges associated with high land value in the local area; our trajectory indicates that lack of provision for challenging/complex clients will continue to grow if we do not seek to increase this provision. Although we recognise the real impact of inflationary pressures on the market and workforce, we expect this to ease and are therefore treating it as a one-off. We will continue our dialogue with the market over the coming months and test and refine the proposed strategy and activities outlined in Section 3.

As outlined above, we broadly support the delay to the implementation of the Charging Reforms and will use the time to prepare the market and better withstand the financial impact. Once the reforms are introduced in 2025, we expect the level of challenge faced by the provider market to be exacerbated by the introduction of the reforms to Section 18(3) of the Care Act. Further work is needed over the coming months to understand the precise size and expected behaviours of Haringey's self-funder market, however, ONS estimates indicate that ~12% of Haringey care home residents are classed as self-funders. Although this is relatively low for the region, we need to consider the wider sub-regional picture which is estimated to have between 22-28% care home self-funder market. Based on a 50% take up rate of 18(3) and the Fair Cost of Care funding levels, providers across the NCL, could experience significant financial challenges as a result of lost revenues.

Further, these reforms require a considerable amount of work to be undertaken across the Council in preparation to meet this additional demand, including but not limited to: updating relevant policies and documents to reflect the reforms and to mitigate the financial impact; training and upskilling of the workforce; ensuring that there is capacity in the workforce to meet the anticipated significant increase in demand for assessments, reviews and brokering placement; upgrading key systems; and engaging with residents, the workforce and care providers to ensure good understanding of the changes and what it means in practical term.

There is also a significant risk that not having sufficient funding to move far enough to a fair cost of care would remove significant self-funder financial flows from the provider market as they move to council-funded rates. Consequently, it is expected that providers would have to raise rates to ensure their viability, and the Council would be forced to bear the costs, irrespective of whether there was any formal 'uplift' in base rate fees or the money to fund them. Furthermore, in high-value property areas like most of NCL, care homes will almost always have high repurposing potential to general-purpose housing, creating significant risks of further closures if providers' minimum profit expectations are not met.

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

Haringey's Strategic Approach

Our local strategies including the Ageing Well Strategy. We are also developing our new Market Position Statement to address the issues and challenges set out in this plan and how we will deliver our commissioning intentions. The new Market Position Statement will cover our plans up to 2025. In this plan we will build on and continue work already in progress to improve the sustainability of the whole care market.

Haringey's health and social care community is committed to enabling adults to remain in their communities for as long as possible by utilising domiciliary and extra-care services, promoting reablement services and making good use of assistive technology and innovation, which will

continue the trend of diverting people from residential care, in effect ensuring that care home places are only for those with complex needs or unable to living independently or within a supported living setting.

Haringey's financial planning context

Despite the significant additional resources that were built into the 2022/23 Adult Social Care Budget to recognise and respond to the increased demand in social care, at Quarter 1, the Council reported a forecast overspend of close to £16m above its approved 2022/23 budget of which c£9m is due to Adult, Health and Communities (£7.9m Adult Social Care services pressure). This unprecedented Adult social care pressure is due to substantial increase in demand and complexity of care, high-cost transition clients, coupled with growing inflationary and wider economic pressures. The Council continues to develop mitigating actions in 2022/23 that would help bring down this in year adverse forecast variance. The delays have allowed the council to develop these actions.

The Council is already challenged by over £20m General Fund savings programme for 2022/23 rising by £5m in 2023/24 and predicted to double by 2026/27. Considering the current wider economic pressures therefore, the Council cannot assimilate the additional pressure resulting from gaps in funding to implement Adult Social Care reform. The Council's expectation is that the Government appropriately fund the impact of Adult Social Care reform to prevent other critical service users in Haringey being impacted.

Moving towards the fair cost of care

Based on the fair cost of care exercise results (see Annex A), Haringey estimates that it would cost a total of £3.944m to implement the fair cost of care fees (£3.05m for care homes and £894k for home care). It is anticipated that available recurrent funding will not be sufficient to achieve these fee levels during the next 3 years.

As detailed in Annex B, and separately to sufficiency of available funding, we will not be using the fair cost of care exercise results (Annex A) to directly determine what the council should pay. This is principally due to issues around accuracy and robustness of the FCOC exercise. Instead, the data from the fair cost of care exercise, together with externally commissioned cost analysis which we feel given the methodology is a better indicator of the cost of care locally, has been used to inform our annual uplift process for 2023/24 onwards, the aim of which is to move towards paying providers a sustainable rate for both providers and the local authority through taking a targeted approach to uplifts rather than a blanket percentage to apply to all providers. Fee rates have also been determined in the context of Haringey's funding settlement, budget setting, and continued dialogue with the provider market on financial issues.

Given capacity issues within the care home market particularly around meeting the needs of those with complex needs, and the stark differential between our externally commissioned cost model and indeed the fair cost of care exercise results for care homes and current fee levels, Haringey's Market Sustainability and Fair Cost of Care Grant will be focused on care homes taking placements at lower, unsustainable, fee levels to better ensure that they are funded to withstand current cost of living and inflationary pressures, as well as able to better respond to caring for those with higher level of acuity we are seeing; we will also continue to move toward paying domiciliary care providers a rate that is commensurate with paying London Living Wage.

Engagement for Market Sustainability Fund and Fair Cost of Care exercise

Throughout 2022/23, the Council engaged and collaborated with Providers individually and as part of our regularly provider forums; we also engaged with commissioners, brokers and quality assurance officers, Social Care Teams, the NCL Markets Programme leads, and our NHS partners to understand existing market pressures and to develop the Market Sustainability Plan.

(a) 65+ care homes market

Further Commitments and Actions to achieve market sustainability. Haringey will:

- Continue to develop a dialogue with providers around financial issues in care home delivery and how to achieve the transformational change needed in the sector.
- Implement a provider relationship and quality management system to strengthen brokerage activity to become more efficient and more commercial, with associated workforce development plan including stronger contract management. We will also seek to increase the number of block contracts and pre-agreed spot rates.
- Continue to work with care home providers to implement our commitment to paying LLW, in a sustainable way.
- Increase investment in reablement alongside increased investment in housing-related support for discharge to promote timely and safe 'Home First' for more complex patients.
- Increase supply and improve the flow of intermediate care provision.
- Develop a strategy and market development plan for delivering additional and appropriate extra care housing and other accommodation with support, including consideration of new extra care housing developments in order to support effective care delivery in people's homes for longer
- Continue with the planned development of new nursing provision within the borough to meet higher-level needs, with the redevelopment of Osborne Grove Nursing Home. Delivering a 70 nursing home beds alongside other services which will be run as a public sector partnership with local health partners.
- Develop information and advice provision, proactive and targeted to those making decisions about their care and its costs once the charging reforms are implemented – especially issues and clarifications around what counts toward the cap.

Furthermore, our NCL Joint Market Management programme includes the following priorities:

- Exploring how to stimulate development of additional care home capacity, with a particular focus on nursing capacity and complex physical and mental health needs
- Paying a consistent rate to care providers based on local analysis and benchmarking of sustainable rates
- Aligning approaches to inflationary uplift processes to promote sustainability
- Supporting providers with recruitment and retention of a skilled workforce
- Collaborating on quality assurance offers to provider to raise quality levels

In partnership with NCL councils, we are committed to working with care home providers to develop shared solutions to meeting future demand for care home placements. We have established a coproduction forum for care home managers in partnership with NCL ICB that meets monthly and has representation from the five boroughs. The group is currently focusing on how to increase capacity to meet the needs of residents with complex physical and mental health needs, focusing on the following priorities:

- The model of trusted assessment
- Clinical support available pre-discharge from hospital to ensure a smooth transition to care homes
- Clinical support available to support residents post discharge
- Support for care home staff including enhanced training
- Approach to commissioning 1-1 packages of care to support residents

Our workforce programme has developed the following approaches to support provider sustainability through workforce:

- Student placement pathways - work with Local colleges and providers to develop good placements to design placements to incorporate true understanding of roles in Social Care

- Staff recruitment - continue to resource Proud to Care NL/ work with London ADASS site and listen to Providers around workforce issues and collaborate to resolve as far as possible
- Princes Trust project – work with the Princes Trust to recruit a target of 75 young people (60 sustained outcomes over 3 months) into health and social care roles

The programme is currently engaging the provider market to develop a bid for the International Recruitment Fund for the Adult Social Care Sector.

(b) 18+ domiciliary care market

Further Commitments and Actions to achieve market sustainability. Haringey will:

- Continue to implement its locality-based, enablement/outcomes focused model of home care
 - Increase the proportion of home care hours delivered through our new service model to ~70%
 - Strengthen links between Home Care Providers and the locality-based VCSE.
- Implement a provider relationship and quality management system to strengthen efficient brokerage activity and provider quality.
- Continue to improve fee rates based on the principle of paying care workers the London Living Wage.
- Collaborate with market leaders on establishing a more active provider forum, and jointly agreed plans for the future
 - Develop a joint workforce plan with the home care market, including further development of our activity to support the recruitment and retention challenges, and the development of increased specialisms.
- Reduce the volume of directly commissioned long-term home care hours through:
 - Strengths-based, outcomes focused care assessments and support planning
 - Investment in enablement and recovery
 - The continued promotion of direct payments
 - The continued promotion of direct payment peer support services
 - The continued promotion and development of personal assistant market
- Continue to build our expertise and learning in digital assistant technology to support residents to remain as independent as possible. We will expand our product portfolio and co-produce how technology can support outcomes in different home settings.
- Improve information and advice provision, aimed at supporting good decision-making including self-funders and promoting alternatives to contracted homecare (Personal Assistants/Direct Payments, etc.).