Annex C: final market sustainability plan template

Section 1: Revised assessment of the current sustainability of local care markets

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

Overview of 65+ Care Home Market

At the time of writing there were 79 Care Quality Commission (CQC) registered care homes within the borough of Cheshire West and Chester Council. For this exercise, we have excluded those care homes whose primary purpose is to support adults under 65 years of age, this leaves 65 care homes who predominately support residents with a range of health and social care needs over the age of 65. However, it should be noted that some residents in these homes may be under 65 years of age.

Of the 65 care homes, 25 are registered to provide accommodation with care and support, with the remaining 40 registered to provide accommodation with care, support, and nursing. There are currently 2,961 registered beds across these 65 care homes, 898 being in residential care homes and 2,063 in nursing homes. Approximately 5% of CQC registered beds are currently inaccessible / out of use, mainly due lack of available staff.

19 of the residential care homes are registered to provide care and support to residents with dementia with an additional 29 able to support those with nursing needs in addition to their dementia diagnosis, as well as other enduring mental health conditions.

Cheshire West and Chester currently commission 1,355 placements in 65+ care homes in the borough at an annual cost of £35,252,246. This is 45% of the registered beds in borough with the remaining beds being purchased by NHS, other local authorities, or self-funders. An additional 211 placements at a cost of £5,991,084 per annum are commissioned in other Council areas.

The position at the time of writing is 47% of 65+ care home placements made by Cheshire West and Chester are at the Council's contract rate.

Market Diversity

There is a good mix of small, medium, and large homes across the borough, with the average size of 65+ care homes having 40 CQC registered beds.
There is a good mix of national, regional, and local, family run care homes across the borough, with 43 individual providers delivering 65+ care home provision. 28% of CQC registered beds (across 24 care homes) are provided by 6 providers.

Sufficiency of Supply

Most care homes are in the larger towns and cities, such as Chester, Ellesmere Port, Northwich and Winsford, however, there are several care homes situated within the more rural parts of the borough.

Locality	No. of Residential Homes	No. of Nursing Homes
Chester	5	17
Ellesmere Port	6	4
Frodsham / Helsby	4	2
Neston	3	2
Northwich	6	7
Rural	1	4
Winsford	1	3

Vacancy levels / available beds fluctuate daily, at the time of writing the vacancy position was:

Bed Type	No. of vacancies
Residential	29
Residential Enhanced	8
Nursing	11
Nursing Enhanced	1

At the time of writing the Council were looking to source 47 permanent placements in 65+ care homes and 50 short stay placements. Of these, 38 people require residential enhanced and another 21 require nursing enhanced.

Whilst there is some capacity across certain parts of the sector, one of the challenges facing commissioners across all bed types is the ability to purchase care at the Council's agreed contracted rate. A number of both existing and new care home providers have advised commissioners that their business model is aimed at complex care needs such as CHC packages and/or the self-funder market and requiring rates significantly higher than the Council can afford. In addition, many short stay placements often become permanent placements, therefore further impacting on the available capacity.

In order to fully understand the future demand for both care home placements and care at home, the Council is currently undertaking comprehensive demand forecasting.

Quality of 65+ Care Homes

At the time of writing the CQC ratings for 65+ Care Homes in Cheshire West and Chester is:

Outstanding	Good	Requires Improvement	Inadequate	Not yet rated
n/a	74%	23%	n/a	3%

The main quality concerns within 65+ care homes related to the safe and well-led domains with 28% of care homes failing to achieve a rating of good or above in safe and 36% of homes failing to achieve a rating of good or above in well-led. Poor ratings in safe and well-led are often a direct result of there being no registered manager in place and impacts the care home's overall CQC rating.

There is also a severe shortage of qualified nurses across both social care and health which impacts both the homes’ ability to increase capacity, but also impacts on the quality and safety of care being delivered.

Further Market Conditions/Challenges
The biggest challenge facing 65+ care homes is the recruitment and retention of staff. This is due to both existing staff choosing to leave the care sector but also care homes being unable to compete with other sectors such as retail, hospitality, and the NHS. Recruitment and retention have worsened considerably since the Covid19 pandemic, despite the additional Workforce Recruitment & Retention funding which was distributed to the sector.

Skills for Care data show the recruitment and retention position within local care homes is:

Total No. of care staff	Turnover 21/22	Turnover 20/21	Vacant posts 21/22	Vacant posts 20/21
c.3,400	35%	42%	50	288

All 65+ care homes were reporting significant issues with recruitment and retention at all levels across their organisations. To improve recruitment and retention and reduce the use of agency staff which is both costly and can impact on the quality of care being delivered, many care homes have been offering enhanced hourly rates. This approach has seen a significant reduction in vacancies and agency usage across the borough, however staff turnover remains high and the increased costs to providers are unsustainable long term unless Council rates increase.

The current instability of the 18+ domiciliary care market is also having a significant impact on the care home market. Both our Hospital Trusts as well as the Council are increasingly having to place people in short stay / temporary care home beds due to a lack of available 18+ domiciliary care. These placements often attract a higher fee rate due to the urgent need to discharge people from hospital as well as their temporary nature.

In addition to the recruitment and retention challenges facing the sector 65+ care homes are also raising the following pressure affecting their sustainability.

- Insurance – lack of available suppliers and impact of COVID19 resulting in significant increase in insurance costs
- Food costs – increasing by 15% - expected to increase further during 2022 and again in 2023 by a further 15%
- Loss of European workers post-Brexit
- Inflation rises
- Rise in energy costs
- Suppliers to care homes are facing unforeseen increases in costs above CPI in most areas

Changes to National Living Wage & Charging Reform
Provider sustainability will be affected by the national/real living wage increases from 1st April 2023 in addition to on-going inflationary pressures. From April 1st 2023 the council will also be updating their rates in line with the 2023/24 real living

wage (year on year increase £9.90/hour to £10.90/hour, +10.1%). Other costs within the rates will also be increased by 11.1% (Oct22 CPI) to cover inflationary pressures. Whilst the usual annual inflationary increase will go some way to providing provider stability, it will not solve the problems outlined above, particularly the recruitment and retention issues.

The delays to the charging reforms will impact the council's ability to be able to move towards funding the cost of care rates identified in the cost of care exercise and is likely to result in more 65+ care homes either approaching the Council for fee increase requests above inflation or refusing to accept Council funded residents unless significant third-party contributions are paid. This will impact on the number of beds the Council is able to access. There is also a risk that the delay will damage relationships with 65+ care homes who actively engaged in the process and may be less inclined to support such exercises in the future.

Provider Engagement & Feedback
In order to ensure this MSP is a true reflection of the current state of the market and challenges facing the 65+ Care Homes in Cheshire West and Chester, engagement events with care homes were held on:

- 3rd August 2022 – AM & PM
- 4th August 2022

22 Care Home Providers attended the three sessions, covering 38 care homes. Providers welcomed the opportunity to be involved in developing the MSP and commented that other Councils had not taken the same approach. Providers agreed that the main pressures facing the 65+ Care Home sector, in addition to recruitment and retention were the rising costs of energy, food and insurance. Providers were complementary about the support that had been provided by the Council during the Covid19 pandemic. Those 65+ care homes whose resident base was predominately aimed at the self-funder market raised concerns over the increasing budget gap between the Council's rates and their own bed rate and family's inability to fund third party contributions on an ongoing basis.

Initial drafts of the MSP were shared with all 65+ Care Home providers for feedback and a final engagement session on draft MSP was held with 65+ Care Homes and 18+ Domiciliary care Providers on 31st August 2022.

Updates on MSP and Cost of Care outcomes have also been shared at provider forums and recent engagement on the authorities 23/24 fee setting process on 23rd January 2023.

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

Overview of 18+ Domiciliary Care Market
At the time of writing there were 79 CQC registered 18+ Domiciliary Care Providers within the borough of Cheshire West and Chester Council. For this exercise, we have excluded those domiciliary care providers who predominately deliver supported living / housing, extra care housing, live in care, shared lives and reablement services. This leaves 38 registered providers who support adults from 18+ to remain in their own homes by delivering care in blocks of care of up to 2

hours at a time.

Cheshire West and Chester currently commission 16,095 hours of care a week for 18+ domiciliary care at an annual cost of £16,536,303.

Market Diversity
There is a good mix of large providers who deliver services across the borough as well as small, independent providers who deliver more localised services in some of the more rural parts of the borough.

Quality of 18+ Domiciliary Care
At the time of writing the CQC ratings for 18+ Domiciliary Care in Cheshire West and Chester was:

Outstanding	Good	Requires Improvement	Inadequate	Not yet rated
8%	71%	5%	n/a	16%

Sufficiency of supply
Cheshire West and Chester's current commissioning model for 18+ domiciliary care is made up of 4 prime providers and 11 framework providers operating in one or more of 9 geographical patches in the borough. Prime providers are contractually required to pick up at least 85% of referrals in their patch areas, with framework providers picking up the remaining work. However, the ongoing recruitment and retention challenges facing the sector means that providers are currently unable to meet this requirement. As a result, an increasing amount of 'spot purchasing' is taking place outside of the existing contract arrangements.

4 framework providers deliver 55% of all 18+ domiciliary care with an over reliance on 2 Prime providers who deliver 37% of all commissioned care. 30% is delivered by framework providers and 15% is currently delivered by spot providers.

Prime and Framework providers submitted different hourly rates for each patch area as part of the tender process in 2019. The current average hourly rate paid to 18+ domiciliary care providers is £20.54.

The biggest challenge currently impacting the stability of the 18+ domiciliary care market is the recruitment and retention of the workforce. This is at all levels across the providers, not just hands on care staff. Prime and Framework providers reported losing over 100 care staff between December 2021 and end of March 2022. This is resulting in an increasing number of people awaiting a package of care in their own home. At the time of writing 83 people are awaiting a package of 18+ domiciliary care, equating to over 756 hours per week. Whilst this is an improvement on the position in October 2022, the fact that the Council is still carrying a waiting list of over 80 people reflects the ongoing challenges facing the 18+ domiciliary care sector despite the Council prioritising winter funding and discharge grants for this sector.

There has been an increase in providers handing back work over the last 12 months. These 'hand backs' are due to both staff recruitment and retention challenges and high levels of staff sickness, often down to burnout because of working additional hours to cover for vacant posts. 11 different Prime and Framework providers have handed back packages of care over the last 12 months mainly due to staffing pressures, with 3 providers choosing to exit the local market completely. This equates to over 1,500 hours of care a week and affecting 128 individuals.

Further Market Conditions/Challenges

The most significant challenge facing 18+ domiciliary care market is the recruitment and retention of staff. This is due to both existing staff choosing to leave the care sector but also care at home providers being unable to compete with other sectors such as retail, hospitality, and the NHS who can offer better rates of pay, terms, and conditions.

Skills for Care data show the recruitment and retention position within local 18+ domiciliary care is:

Total No. of care staff	Turnover 22/21	Turnover 20/21	Vacant posts 21/22	Vacant posts 20/21
c.3,900	22%	33%	500	231

In addition to the recruitment and retention challenges facing the sector, 18+ domiciliary care providers also raised the following pressures affecting their sustainability

- Insurance - lack of available suppliers and impact of COVID19 resulting in significant increase in insurance costs
- Fuel costs – a reliance on car travel and higher fuel costs are driving people away from domiciliary care, adding to the recruitment and retention challenge.
- Current commissioning approach doesn’t allow providers to pay staff for their ‘downtime’ between calls / runs.
- Increasing use of spot providers, at higher rates, resulting in staff moving to spot providers as they can pay better.
- Overseas recruitment – additional costs over and above sponsorship i.e., housing, additional training, registering with GP, dentist etc. Average cost to recruit overseas worker is approx. £3,500 per worker.
- Workforce do not feel recognised or appreciated, were working throughout the pandemic but focus was on NHS staff.

Changes to National Living Wage & Charging Reform

Provider sustainability will be affected by the national/real living wage increases from 1st April 2023 in addition to on-going inflationary pressures. From April 1st 2023 the council will also be updating their rates in line with the 2023/24 real living wage (year on year increase £9.90/hour to £10.90/hour, +10.1%). Other costs within the rates will also be increased by 11.1% (Oct22 CPI) to cover inflationary pressures. Whilst the usual annual inflationary increase will go some way to providing provider stability, it will not solve the problems outlined above, particularly the recruitment and retention issues.

The delays to the charging reforms will impact the council's ability to be able to move towards funding the cost of care rates identified in the cost of care exercise and is likely to result in more 18+ domiciliary care providers approaching the Council for fee increase requests above inflation or refusing to accept Council contracts. This will impact on the number of care hours available to the Council and could result in waiting lists increasing or more people being placed in short term care home beds. There is also a risk that the delay will damage relationships with 18+ Domiciliary care providers who actively engaged in the process and may be less inclined to support such exercises in the future.

Provider Engagement
To ensure this MSP is a true reflection of the current state of the market and challenges facing the 18+ Domiciliary Care providers in Cheshire West and Chester, engagement events with care homes were held on:

- 2nd August 2022 – AM & PM
- 3rd August 2022

27 18+ Domiciliary Care Providers attended the three sessions.

As with 65+ care homes, providers welcomed the opportunity to develop the MSP with the Council and said the approach was refreshing. Providers agreed that the main challenges facing the sector were recruitment and retention. Providers were complimentary about the support the Council had provided during the Covid19 pandemic and how the use of grants to support staff recruitment, retention and wellbeing been viewed positively by staff.

Initial drafts of the MSP were shared with all 18+ Domiciliary care providers for feedback and a final engagement session on draft MSP was held with 18+ Domiciliary Care Providers and 65+ Care Homes and 31st August 2022.

Updates on MSP and Cost of Care outcomes have also been shared at provider forums and recent engagement on the authorities 23/24 fee setting process on 23rd January 2023.

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

Cheshire West and Chester want more people to have their care needs met at home for longer. Over the next three years we want to grow the market for preventative, community-based health and wellbeing services, care at home provision and specialist nursing and nursing dementia beds whilst shrinking the commissioning of residential care home beds.

65+ Care Homes
Cheshire West and Chester's understanding of the anticipated market changes and associated impact between now and 2025 for 65+ care homes are:

The most significant risk facing the 65+ Care Home market both now and in the next 3 years is the sector's inability to recruit and retain enough staff, across all roles from domestic staff to registered managers, to ensure sufficiency of supply and enable the Council to meet its duties under the Care Act.

There is a high proportion of self-funders in Cheshire West and Chester. We estimate there to be 915 self-funders representing about 40% of residents in our 65+ care homes and who are currently subsidising Council funded residents. Given our high proportion of self-funders and clear messages from the local 65+ care market that they will continue to request ‘top ups’, the delay in the Council being able to pay the cost of care may result in care homes will be forced to exit the market if the gap in funding created by those having their care arranged by the Council can’t be filled in other ways, or the Council will continue to be compelled to pay above its contracted rates to meet its statutory responsibilities.

Increasing complexity of residents requiring permanent care home placements may result in the need to increase the number of available beds for people with more complex health and care needs.

To fully understand the future demand for both care home placements and care at home, the Council is currently undertaking comprehensive demand forecasting.

Between now and October 2025, a further direct impact of the Council’s commissioning intentions to support people to remain at home longer, will be reduced demand for basic residential placements. We have already set rates which reflect this strategy, and we anticipate this to start taking effect over the next 1-3 years, however, the shortage in 18+ domiciliary care is hampering the Councils ability to reduce demand.

18+ Domiciliary Care
Cheshire West and Chester Council’s understanding of the anticipated market changes and associated impact between now and 2025 for 18+ Domiciliary Care are:

The most significant risk facing the 18+ domiciliary care market both now and in the next 3 years is the sector’s inability to recruit and retain enough staff to ensure sufficiency of supply to meet the growing demand and enable the Council to meet its duties under the Care Act.

There will be increased demand for 18+ domiciliary care as people live longer and with more complex health and care needs. There is a need to significantly grow the 18+ domiciliary care workforce to be able to meet demand and in line with our commissioning intentions. Given the current recruitment and retention pressures across the care sector, if 18+ domiciliary care providers are not able to offer enhanced rates of pay and improved terms and conditions, it is likely the sector will continue to struggle to recruit and retain staff and meet demand.

Inadequate staff capacity across the 18+ domiciliary care sector will result in both more people being admitted to hospital and hospitals being unable to rapidly discharge people once medically optimised. Workforce recruitment issues will result in worse outcomes for people and contribute to greater demand. People will be waiting longer for a package of care and more people will be placed in care homes as a result.

If the Council is not able to pay 18+ domiciliary care providers the cost of care, there is a serious risk of both individual provider and complete market failure.

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

Strategies to address market sustainability issues are as follows:

- The Council Plan 2020-2024 sets out our ambitions to build greener, fairer, and stronger communities and how we will enable more adults to live longer, healthier, and happier lives. Our strategy is to support people to live a good life at home for longer with support which prevents and delays the need for longer term residential care.

- Working with Health partners will be key to achieving our ambition and the Cheshire West Place Plan clearly articulates our plans for integration and how this will create the conditions for healthier communities and an integrated health and care system.

- Our Market Position Statement is currently being refreshed to reflect the Council's strategic direction and will signal clearly to providers the kind of market we require to achieve our ambitions. The MPS will be published in April2023.

- The Council's total budget gap is £13.390m. This is in addition to the £0.99m of funding the Council received from the Market Sustainability and Cost of Care Fund in 2022/23 (see care home section below for use of fund).

For both the +65 care home market and the +18 domiciliary care market, the Council wishes it to be made clear that any funding provided by Government needs to take account of inflationary increases which have occurred since April 2022 as well as meeting the funding gap between what we currently pay and the cost of care.

The Council also wishes it to be made clear that given the financial pressures facing the Council, we are only in a position to move towards the cost of care rates in line with the value of Government funding provided for this specific purpose. Therefore, a complete move towards the cost of care rates will require the £13.390m budget gap to be met in full through new Government funding. In addition, the inflationary and demand pressures facing adult social care are also required to be met in full to ensure that future Cost of Care funding can go towards genuinely increasing our rates in real terms.

Since submitting our initial MSP plan in Oct22 the Council has undergone a lengthy fee review process regarding provider rates to be implemented from 1st April 2023 across all care types. Given the pressures on the market and current market sustainability issues, the council will be increasing rates by 10.1% for the pay element of the rate (£9.90/hour to £10.90/hour real living wage year on year increase), and +11.1% (Oct22 CPI) for other CPI driven costs within the rates. The Council will also be increasing off contract/spot rates by an average 9.6% which is a step away from methodology in prior years where these rates would have been frozen. The budget impact of implementing these rate increases in 2023/24 is £11m (this has been approved by full Council in Feb23). Whilst the rate increases proposed for care home and domiciliary care are not as high as the rates calculated in the Oct22 cost of care exercise, it is hoped that the increases will stabilise the market somewhat, and aid in addressing a number of the fee issues that we currently have with a number of providers.

Some market stabilisation has also been achieved through the use of the Winter discharge grant. Care homes and domiciliary care have been prioritised in this grant spending with the funding being used across a range of incentives including increasing care home and domiciliary care rates paid during the grant period, higher provider rates for care home and domiciliary care block booking, and additional workforce capacity to aid with block booking, hospital discharge coordination and social worker capacity.

(a) 65+ care homes market

The Council has utilised all the 2022/23 funding (£0.99m) to uplift all 65+ care homes in borough to new contract rates as a result of a cost of care exercise undertaken in 2021/22. The Council took the decision to use the funding for this purpose as cost of care exercises and associated rate increases had been applied to all other commissioned adult social care services from 2020 onwards. Specifically, the Council was able to uplift the pay of care home workers to Local Living Wage, bringing them in line with other sectors.

The 22/23 funding was prioritised as follows:

Residential EMI £481k
Nursing EMI £286k
Nursing £162k
Residential £60k

The Council has deliberately held the rate of residential low to reflect our intentions to reduce the commissioning of basic residential care.

Impact of Cost of Care rates of 65+ Care Homes (updated Oct22 exercise)
The table below compares the cost of care rates outlined in Annex A to our current contract rates, and average rates actually paid. As previously outlined, average rates are already significantly more than our contract rates. This is due to contract rates already being insufficient due to inflationary pressures and the impact of high number of self-funders and health commissioning beds at higher rates. This results in certain homes holding vacancies for these markets or only having a certain number of beds available at local authority rates.

Placement Type	2022-23			FCoC % Uplift	
	Contract Rate	Average Rate Paid	FCoC Rate	From Contract Rate	From Average Rate Paid
Residential	531.16	627.08	679.49	27.9%	8.4%
Residential - Enhanced	769.55	796.34	779.96	1.4%	-2.1%

Needs					
Nursing (excluding FNC)	666.08	763.91	683.40	2.6%	-10.5%
Nursing - Enhanced Needs (excluding FNC)	776.89	878.25	859.92	10.7%	-2.1%

The cost of care rates are below average rates currently paid for three key reasons:

1. The cost of care rates are based on prices as at April 2022 in line with the guidance, whereas our current average rates are as at the end of September 2022. Given the significant inflationary pressures care homes have faced in the past six months, our ability to secure new placements at April 2022 prices has been inhibited.
2. Over the past 2.5 years the Council has inherited a significant number of placements from the NHS, who as a result of Covid-19 policies, commissioned placements for hospital discharge placements at expensive rates. When these placements have subsequently transferred to CW&C we have been unable to reduce these placement costs due to a change in care home not being in the service user's best interests.
3. Our significant self-funder market means that care homes will often refuse placements at the Council's contract rates and instead hold vacancies for self-funders who are willing to pay a higher price.

The percentage difference between current average rates and the new cost of care rates reported in Annex A is not reflective of the true budgetary impact that the new rates would have on the Council. Firstly, the current difference between contract and average rates paid is unfunded and causing a significant budget pressure for the Council. Secondly, any move towards the new rate would assume that those rates already in excess of the cost of care would decrease in line with the new rate. In reality, this would not be feasible. It should also be noted that any inflationary uplifts applied from a higher baseline rate would also create additional inflationary pressures for the Council, beyond those currently budgeted for. Finally, the effects of the policy on the wider care sector will also have budgetary implications.

Taking all these factors into account, the overall budget gap caused by moving from the Council's contract rates for care homes to the cost of care rates is £7.674m, as shown in the table below.

Budget Gap	
Placement Type	**£m**
Residential	2.873
Residential - Enhanced Needs	0.999
Nursing	1.519
Nursing - Enhanced Needs	2.213
Respite beds	0.070
Total	**7.674**

The cost of care exercise does not take account of all care home placements. Respite placements and care home placements for younger adults, with highly complex needs, have not been captured as part of this exercise. Whilst the financial instability of the 65+ care home market may be addressed as a result of the exercise, there is a risk that the wider care home sector remains vulnerable and provider failure / care home closures highly likely if Councils cannot fund them appropriately.

If the Council is unable to pay 65+ care homes the cost of care, there is an increased risk of financial instability in the market. However, even if the financial stability of the 65+ care home sector is improved through being able to pay the cost of care, recruitment and retention issues will not be resolved as the rate does not allow for an increase on current carer basic pay.

Furthermore, our ability to move towards the cost of care in real terms will be inhibited unless inflationary and demand pressures are fully met through additional government funding. For example, in addition to the £11m of investment in the Council's 2023-24 budget to fund inflationary pressures on Adult Social Care contracts, the Council is also factoring further investment of £13m in its 2024-27 Medium-Term Financial Strategy (MTFS) for further inflationary pressures during that period, which the current funding settlement does not support. The Council is unable to commit any more of its own resources to fund a move towards the cost of care rates, given that the MTFS is forecasting a residual funding gap of £29.1m over the period 2024-27, after £22.8m of existing savings plans have been accounted for.

In addition to how the Council intend to support the sustainability of the 65+ Care Home market, and in line with our strategic direction, we will be undertaking the following areas of work to support our local care homes: (To develop these plans we have engaged providers through our regular provider forum and through specific engagement sessions).

Year 1 2022/23

- To grow the use of preventative services such as Technology Enabled Care (TEC), Home Improvements Agency (HIA) and Integrated Community Equipment Services to reduce the requirement for Care Home provision.
- Stand up the Cheshire West Auxiliary and Reserve Carer (ARC) model and commence new round of recruitment and training to support providers and prevent provider failure.
- Publish a refreshed Market Position Statement for 2023 to ensure 65+ care homes have a clear understanding of the Council's future commissioning intentions. The Council will work in partnership with 65+ care homes to help them redesign their provision to support our commissioning intentions.
- Co-produce the Accommodation Strategy for Ageing Well which will express our ambition to develop other accommodation-based care, grow specialist dementia care and reduce demand for traditional residential care.
- Review the Council's approach to contract management, moving away from a reliance on KPIs and focusing on relationships and quality improvement. Working with providers to develop programmes of support and development to improve quality and market stability.
- Investment in IT solutions to reduce the amount of time providers need to spend completing quality returns.
- Recurrent and consistent communication campaign pushing jobs in care
- Investment in registered manager development
- Skills for Care Finders Keepers Programme
- My Home Life, development programme for existing and upcoming

managers

- Regular provider partnership meetings and co-designed work plan to support continuous improvement in the sector, in partnership with health colleagues
- Supporting the sector with jobs marketing via independent marketing agency Promotion of job vacancies via Council communications.

Years 2 and 3 2023-25

- Implementation of the Ageing Well Accommodation Strategy and development of alternative models of building-based care, such as extra care housing, to prevent unnecessary care home placements
- Re-design and recommission of our domiciliary care offer to increase capacity in the community and prevent unnecessary care home placements, therefore freeing up capacity for those who need to be in a care home bed.
- Supporting 65+ care homes to make use of preventative services and emerging technology commissioned by both the Council and Health colleagues.
- Development of Integrated Brokerage Service with Health, inc. hospital discharges
- We are developing a whole system health and care career academy linking with NWADASS and LGA regional project.

Bespoke support package to be developed and offered to providers to shift their residential model to support enhanced level needs.

(b) 18+ domiciliary care market

For 2023/24, and depending on the funding allocation received, the Council's proposals for prioritising the funding are;

Our priority would be to fund the cost of care gap in full for 18+ domiciliary care providers. Our next priority would be to fund the cost of care gap in full for extra care housing and enhanced nursing, and partially fund the gap for non-enhanced nursing. Our third priority would be to fund the cost of care gap in full for non-enhanced nursing and enhanced residential care.

In order for people eligible to receive care in their own home (18+ domiciliary care) to be offered a viable alternative to a commissioned package of care, the Council wishes to increase its Direct Payment rate to one more in line with that paid to an 18+ domiciliary care provider. This approach would allow people to have more personalised and person centre care and support services. The Council strongly recommends that the grant conditions are revised to allow the cost of care funding to be used for direct payments.

Impact of Cost of Care rates of 18+ Domiciliary Care (Oct22 exercise)

The table below compares the cost of care rate outlined in Annex A to our current average contract rate, and to average rates actually paid. As outlined above, an increasing reliance on spot providers has resulted in an overall average rate higher than our contract rate.

Placement Type	2022-23			FCoC % Uplift	
	Contract Rate	Average Rate Paid	FCoC Rate	From Contract Rate	From Average Rate Paid
18+ domiciliary care	19.40	20.48	23.08	19.0%	12.7%

As already outlined for care homes, the percentage difference between current average rates and the new cost of care rates reported in Annex A is not reflective of the true budgetary impact that the new rates would have on the Council. The overall budget gap caused by the 18+ domiciliary rates, taking into account the unfunded pressures on contract rates and inflation, and the impact on the wider care sector, is £5.716m, as set out in the table below.

Budget Gap	
Placement Type	**£m**
18+ domiciliary care	4.013
Direct payments	1.560
Extra care housing	0.143
Total	**5.716**

The cost of care exercise does not take account of other community provision such as extra care housing, supported living or direct payments, all of which are experiencing the same pressures as 18+ domiciliary care. If the Council can pay the cost of care and stabilise the 18+ domiciliary care market, if it is unable to offer the same stability to the wider provider community that support people in their own home, there is still an increased risk of provider failure and work being handed back. Therefore, the budget gap includes an allocation for direct payments and extra care housing to ensure carer basic pay for these sectors remains in line with care at home. Given the similar working conditions of staff in these three sectors, there is a risk that without this investment staff will move into care at home, destabilising the workforce in the other sectors.

As with the 65+ care home sector, paying the cost of care will reduce provider financial instability, however it will not contribute towards fixing the recruitment and retention issues in the sector or prevent work being handed back due to staff leaving the sector for better paid roles in other sectors. As covered above, additional government funding is required to fully mitigate the impact of inflationary and demand pressures, for cost of care funding to go towards increasing rates in real terms.

In addition to how the Council intend to prioritise funding to support the sustainability of the 18+ domiciliary care market, as detailed above, and in line with our strategic direction, we will be undertaking the following areas of work to support our local 18+ domiciliary care market;

Year 1 2022/23

- Additional grant funding provided to contracted providers to support with recruitment and retention.
- System-wide investment business case – development of a Cheshire wide

business case for place and/or ICS level NHS investment in 18+ domiciliary care provision.

- Commence the redesign of the domiciliary care model in preparation for recommission in 2025. Working with the sector, commence pilots of different ways of working i.e.:
  - **Neighborhood based providers** [providers covering smaller geographical areas]
  - **Using Personal Budgets** [Increased use of direct payments and Individual Service Funds]
  - **Micro Enterprises** [small businesses delivering care and support]
  - **Blended roles** [carers trained to deliver care and health tasks]
- More targeted and dynamic approach to current brokerage process, to develop viable rounds, increase capacity and reduce the amount of people waiting for care
- Implementation of pilot ‘home support’ grants scheme for the Community Sector to pick up lower-level needs and deliver preventative and early intervention support, reducing demand on domiciliary care.
- Stand-up the Cheshire West Auxiliary and Reserve Carer (ARC) model and commence new round of recruitment and training to support providers and prevent large scale hand backs over the Winter.
- Cease all but the most urgent spot purchasing, and only then agree for 4 weeks.
- Publish a refreshed Market Position Statement for 2023 to ensure 18+ domiciliary care providers have a clear understanding of future commissioning intentions

Year 2 2023/24

- Continue working with the sector to redesign the domiciliary care model for recommission in 2025
- Increased use of Community Sector ’home support’ grants programme based on learning from the pilot.
- Increased use of technology and equipment to maintain independence and reduce reliance on care calls
- Implementation of Integrated Brokerage Service with Health, inc. hospital discharges
- Development of a whole system health and care career academy linking with NWADASS and LGA regional project.
- Review approach to contract management, moving away from a reliance on KPIs and focusing on relationships and quality improvement. Working with providers to develop programmes of support and development to improve quality and market stability
- Investment in IT solutions to reduce the amount of time providers must spend completing quality returns.
- Recurrent and consistent communication campaign pushing jobs in care
- Increased partnership working and engagement on a regular basis with providers and health colleagues.
- Consider how wider Council services can support the 18+ domiciliary care sector, i.e., Housing for overseas workers, negotiating better insurance deals, providing bus passes for care staff.
- Regular provider partnership meetings and co-designed work plan to support

continuous improvement in the sector

- Supporting the sector with jobs marketing via independent marketing agency
- Promotion of job vacancies via Council communications
- Short term, one-off financial support where additional funding received allows e.g., to support with fuel costs or to enhance hourly rates of pay

Year 3 2024/25

- Recommission of the care at home contract. The model of care at home co-produced with people who use services and providers - removing inefficiencies from the model, building on learning from our pilots, a model designed with the desired workforce in mind, a model of delivery which is adapted to the specific geographical requirements of the borough.