Thurrock Council
Market sustainability plan 2023

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

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

Supply and demand

We have 12 older people residential care homes in Thurrock (11 externally provided and one in-house service). For the purpose of this document, only the 11 externally provided care homes are in scope. These homes meet the needs of 608 residents and this capacity in the market has remained largely stable in the past decade. This stability has been intentional.

Externally, we have a mixture of care homes both in terms of providers and size/type of homes. Some have a smaller homely feel, whereas others offer modern purpose-built accommodation. The homes range in size and can accommodate from 15 to 87 people. Nearly 55% of our residential care homes for older people and dementia are 50 beds or under.

Although the majority (91%) of homes are run by the private sector we do retain a charitable home in the area. The remaining homes are run by a range of profit-making organisations, who operate from one small home to a provider who operates a significant amount of provision in the sub-region.

Thurrock has a reputation for innovation in adult social care and we have been on a journey of transformation since 2011. Due to our early adoption of a strengths and asset-based approach to community support there was a reduction in older people residential care placements during this period. Even with demographic pressures we are only predicting a stabilisation or a small increase in utilisation in the future.

Due to our reduction in placements and as we have consistently maintained a 5% void rate in external provision, we declared in our Market Development Strategy 2018-2023 that we would not support the development of more traditional care homes in Thurrock as we felt we had sufficient supply to meet need.

Internally we are developing a new model of residential care which will also add a small amount of capacity. This reimagining of residential care will offer the same intensive 24hour care and support available in a traditional residential setting whilst ensuring the privacy, independence and control that living in your own accommodation brings – an 'extra care plus' model.

As such, existing provision coupled with the proposed 'extra care plus' development should be sufficient to meet needs whilst making sure we do not have excessive voids which affect the viability and sustainability of residential care services in the area. The 'extra care plus' development will also act as a test and learn site for the future shape of residential provision in the borough.

Quality

Our focus on maintaining our existing level of provision has ensured that we have maintained good relationships with providers locally and that quality has remained high within Thurrock.

82% of homes are assessed by CQC as providing a 'Good' service. One home has not been reinspected since the pandemic. It is expected that the rating for this home will change upon reinspection by CQC, as Thurrock's regular internal contract monitoring visits assure us that this home has been of good quality over the last two years. This should result in over 90% of our market being assessed as good quality, which will be in excess of the national average of 85% (Kings Fund Social Care 360).

Self-funders and top-ups

We have a very low number of self-funders compared to neighbouring authorities. This is reflective of areas that have pockets of high deprivation within their locality.

In 2019 we undertook an extensive survey across all provision to understand our self-funding market. At this time, 8% of older people residential care places were self-funded. This is in line with provider submissions during the FCOC exercise which suggests a rate of 9%, low in comparison to a regional average of 37.8%. This leaves us less exposed than some other authorities as our care homes are not as reliant on cross-subsidy.

Due to such a small number of self-funders in our market, we have always allowed self-funders to access our contracts. Again, we recognise that this is not usual practice in other local authorities that have a much larger pool of self-funders. This should offer us some safeguards from the impact of a large number of self-funders coming forward for assessment.

Although we may have a lower risk in relation to self-funders, the lack of self-funder cross-subsidy may have led to a higher-than-average rate of homes requiring a third-party top-up. Currently, 55% of homes in Thurrock require some form of top-up (however, please note that some homes only require a top-up on certain rooms/additional facilities rather than the home as a whole) compared to a national estimate of 20%. Top Up's range from £10 to £108 per week.

The current level of top-up requirement in the market isn't sustainable in the long term and we recognise the need to ensure that there is sufficient choice of homes accepting the LA's declared rate.

Workforce

Thurrock faces some difficult challenges in terms of the adult social care workforce due to our unique geographical location and economy. Thurrock is a unitary authority that is located in the wider county of Essex, based in the heart of the Thames Gateway and bordering East London. We have one of the largest growth programmes in the country and due to our river frontage, we have two ports located in the borough and are a large centre of logistics and distribution. In addition, we have a regional shopping and entertainment centre in the locality.

Although positive, this economic growth has created significant challenges in the recruitment and retention of staff within adult social care due to the competition for employees. The ONS Labour Profile for Thurrock 2021/22 confirms this position – 83.4% of people in Thurrock are economically active in comparison to 78.5% nationally with a much higher percentage than average within retail and wholesale (21.9% compared to 14.9%) and transport and storage (23.3% compared to 5.1%). The Human, Health and Social work industry accounts for just 8.2% of employment compared to a national average of 13.6% yet the sector (all adult social care provision not just older people residential care) growth in the region has been 12% over the last decade and is expected to grow by a further 31% by 2035.

Skills for Care estimates that the staff turnover rate in Thurrock was 42.8% compared to a regional average of 30.9% (however not everyone leaves the sector as 78% of new starters in Thurrock were recruited from within the sector). Workers in Thurrock have an average of 9.1 years of experience and 84% of the workforce have worked in the sector for at least 3 years.

Recruitment and retention is the largest issue faced by providers and one of the biggest risks in Thurrock to the stability and sustainability of our sector. Thurrock has double the number of workers on a '0' hour contract (51%) compared to regional and national averages of 25%. We also have an older workforce – only 6% of our workforce are under 24 and we are expecting 1,100 people to retire in the next 10 years, which is nearly one third (29%) of people working in the adult social care sector locally.

As the recruitment and retention of adult social care staff is our main risk to the delivery or safe and effective services – we have worked with partners to develop a regional workforce strategy. Some of the agreed actions contained within the strategy will be detailed in section 3.

Funding

We had a good response to the Cost of Care exercise resulting in 82% of homes submitting their data. No submissions were rejected. As such, we feel we have had a sufficient level of submissions for the data to be valid. The median average of these submissions are as follows:

- Residential Care £845.91
- Nursing Care £1,008.11 (would be inclusive of FNC)

Our current rates are detailed in the table below. As can be seen, although the Cost of Care exercise has created an average, Thurrock Council pays a variety of rates depending on need. As such, comparisons can be complex as the difference between the mean average and our current rates varies depending on need.

We have a high needs dementia specialist home in the area (dementia with challenging behaviour) as well as homes that have a separate unit for dementia care. As these require more staffing and additional training these differences have been absorbed into the average, again making comparisons difficult.

A more sophisticated assessment of the difference between average cost and current rates will need to be developed in partnership with providers if we are to continue setting rate levels based on need, and we will review our existing fee setting arrangements to ensure that these are fit for purpose.

Residential	Cost per week
Standard Residential	£572.23 (shared £543.60)
High Dependency	£609.91 (shared £579.43)
Dementia Care	£617.24 (shared £586.30)
High Needs Dementia (Specialist Home Only)	£646.63 (shared £614.22)
Nursing (local authority contribution)	£633.73 (shared £602.04)
Nursing (inclusive of FNC)	£842.92 (shared 811.23)

Identified risks

There are many positives in Thurrock's care home market – not least the quality of provision, low void rates, the strong collaborative nature of our contract monitoring relationship with providers and the lower exposure of risk caused by a small self-funding market and allowing self-funders to access our contracts (both of which makes us an outliner as a local authority). However, as we can see from above, we do have some significant risks within our older people residential care market that we need to address going forward:

- an over-reliance on Top Ups within the market
- the majority of our homes are small to medium in size which offers genuine choice in provision – however, the long-term viability of smaller/charitable homes that cannot rely on economies of scale must be addressed if we are to maintain this diversity in the market
- staffing – our largest area of risk. High turnover, higher than average use of '0' hour contracts and a workforce which has few young entrants resulting in a projected shortfall in the sector must be addressed
- there is difficulty in assessing a 'fair cost' based on the average created by this exercise as we commission based on complexity of need

Our strategy to manage these risks will be addressed in Section 3.

In addition to these risks, throughout the engagement period, providers have shared with us the impact of the current inflationary pressures. This affects all sectors of the market but is particularly acute for the residential care sector.

Nationally, inflationary pressure has been particularly impactful on staffing costs, fuel (heating) and food. Due to the nature of the service provision (building based, people driven service that provides meals) inflation has disproportionately affected this sector. We recognise this and plan to give an increase in fees reflective of the current situation in addition to utilising other funding for 2023/24 to support initiatives that will support the long-term sustainability of the sector.

We have not assessed a significant impact on the sustainability of the market due to the delays in the implementation of the funding reform. As stated elsewhere we have a very low self-funder market and have always allowed access to our contracts. As such, we do not envisage the delay of the reforms to 2025 having any effect on the sustainability of our market and plan to utilise that period to continue to monitor any change in our self-funder population.

The increase in National Living wage will be impactful on all parts of the market. ADASS spring budget survey 2022/23 identified increases in salary as the most important factor in the recruitment and retention of care workers. As such, this rise may have a positive impact on the stability of the workforce. However, both providers and local authorities will need to fund these changes at a time when there are already other significant inflationary cost pressures to absorb within existing and limited resources – making the introduction of this in April inopportune.

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

Supply and demand

In addition to our internal provision and a Health provided hospital discharge service we have 12 domiciliary care agencies contracted by the local authority to provide home care locally (we have more providers registered in Thurrock, however these are largely providing supported accommodation/extra care and as such have not been included here as their costs will be more akin to residential care). For the purposes of this report, only externally commissioned and provided community based home care is in scope – that is, Thurrock Council and Health-run provision and supported living providers remain out of scope.

Combined, the 12 providers provide 8,300 hours of domiciliary care and 270 hours of reablement care within Thurrock. Only one organisation is not for profit. Organisations range in size from SMEs to those with a sub-regional presence. We largely operate on a 'patch' basis in order to minimise travel time – this not only results in greater efficiency and less environmental impact but also a better user experience, as less visits will be routinely delivered late.

We have seen a substantial increase in the amount of domiciliary care we commission. In 2013, we commissioned 5100 hours per week – based on current demand this represents an increase of 65% in nearly a decade. This growth in community-based provision, supports our decision to not expand the residential care market as we predict only a small increase going forward (please see residential care section above).

We have a vibrant market for domiciliary care and although meeting demand and recruitment is difficult, we have had 15 new entrants (although not all have remained in the sector) over the last 5 years. These have largely been small, local organisations. We have also successfully developed a flourishing local market for micro providers.

We have been testing wellbeing teams internally since 2019 to deliver domiciliary care in a different way. Rather than time and task, this new model of care allows small neighbourhood self-managed teams to organise care and support in a flexible way that works with the person to focus on what matters most to them.

The much smaller geographical 'patch' that we currently use to organise care, allows workers to understand the assets and networks in a community and link the person to them. As well as the benefit of more continuity of care for the person and improved outcomes, workers are more interested and empowered, having an impact on recruitment and retention rates.

We are now testing wellbeing teams in more 'patches'. If this proves to be successful, we will expand this approach to externally commissioned domiciliary care. This will hopefully help to address workforce issues but does cause complexity when agreeing a 'fair price' as the data collected as part of this exercise is based on a traditional time and task model. We will review our fee setting process alongside providers when developing the wellbeing team approach for the external market to mitigate this.

Quality

As with our residential care market, we have a good relationship with our providers of domiciliary care. 9 agencies have been rated by CQC as 'good' with two yet to be inspected and one requiring improvement. This means that 75% of Thurrock's home care market has been assessed as 'good' with a further 17% awaiting inspection.

Self-funders

As stated in the residential care section above, we undertook an extensive survey in 2019 to ascertain our self-funding market. At this time, 13% of service users were self-funding compared to a national average of 20-25%. We have assumed the same level of growth for domiciliary care as we have seen in residential care – as such we believe the current self-funding market to be between 14 and 15%.

Again, as with residential care we have always allowed self-funders to access our contracts if desired. As such, we are less exposed than other local authorities to the impact of self-funder cross-subsidy.

Workforce

Domiciliary care faces the same challenges as residential care (please see workforce section above) and this remains our most pressing issue across the whole market.

Research suggests that the introduction of the wellbeing team model (referenced in supply and demand section above) should help with workforce satisfaction and retention (please see supply and demand section).

Funding

We were disappointed to not replicate our high rate of return for residential care with only 25% of domiciliary care providers choosing to submit. We carried out various activities detailed in Annex B including extending the deadline for submission but were unable to secure more returns.

Due to such a low response rate and as the organisations who responded were not representative of the market, we are unable to rely on the data submissions. Instead, we will use it as a basis for more in-depth conversations with our providers and to review our current fee setting process.

The FCoC exercise identified that the average cost per hour of standard home care was £23.15.

Our current rates are £18.93 per hour for standard home care and £19.93 for reablement. The difference between the FCoC average and our declared standard rate for home care is £4.22 per hour – an increase of 22%.

Comparisons of what we currently pay and how we move towards the average identified in the Fair Cost of Care exercise will become difficult as we change the externally commissioned service model to a wellbeing team model over the coming years. We will need to work with providers to agree what a Fair Cost will be as we move away from a time and task model to more innovative provision and will need to update our fee setting approach as appropriate.

Identified risks

Identified risks are:

- staffing – remains our largest area of risk. High turnover, higher than average use of '0' hour contracts and a workforce which has few young entrants resulting in a projected shortfall in the sector must be addressed
- there is some difficultly in utilising the data in this exercise to assess a 'fair cost' if service models alter significantly
- we have only received a submission from 25% of home care providers – his is not representative of the market and therefore makes it difficult to draw any conclusions

As with residential care, throughout the engagement period providers have shared with us the impact of the current inflationary pressures. Nationally, inflationary pressure has been particularly impactful on staffing costs and fuel (petrol). Due to the nature of the service provision (people driven service that involves travel in the community) inflation has affected this sector (albeit residential care does experience pressures in excess of domiciliary care).

We recognise this and plan to give an increase in fees to reflect the current situation. In addition, we will utilise other funding for 2023/24 to support initiatives that will support the long-term sustainability of the sector.

As with residential care, we have not assessed a significant impact on the sustainability of the market due to the delays in the implementation of the funding reform. In domiciliary care we have a much lower self-funder market than regional and national averages and have always allowed self-funder to access our contracts. As such, we do not envisage the delay of the reforms to 2025 having any significant effect on the sustainability of our market and plan to utilise that period to continue to monitor any change in our self-funder population.

The increase in National Living wage will be impactful on all parts of the market. ADASS spring budget survey 2022/23 identified increases in salary as the most important factor in the recruitment and retention of care workers. As such, this rise may have a positive impact on the stability of the workforce. However, both providers and local authorities will need to fund these changes at a time when there are already other significant inflationary cost pressures to absorb within existing and limited resources – making the introduction of this in April inopportune.

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

The local authority has a legal duty to declare a balanced budget. We have welcomed the opportunity to focus on the long-term sustainability of both our older people residential care and our domiciliary care markets and value the time and effort put in by our providers.

However, we are conscious that this exercise should only be seen in the context of our wider duties under the Care Act 2014, whether that be to different client groups (for example, working age adults, carers) or alternative provision (for example, information and advice, working age adults residential care, supported living, day opportunities, replacement care for unpaid carers).

As such, as a local authority we must consider the sustainability of the whole market and the needs of all client groups as part of our budget and fee setting processes rather than just the provision/client groups addressed by the CoC exercise.

There are also significant complexities in moving to the 'fair cost' identified through this exercise.

In residential care, we pay a variety of rates relating to need. As such, we will need to review our fee setting process to make sure we are able to work with providers to move to a 'fair cost' but one that considers complexity of need and other factors such as the diversity of the market (also a Care Act requirement) rather than simply the average reached through this exercise. However, it does give us an informed starting point for these discussions.

Similarly, in domiciliary care although this initially may be more straightforward, our fee setting approach and ultimately our 'fair cost' will need to adapt as the model of care moves to a wellbeing approach.

Notwithstanding these caveats, this exercise has helped highlight the below risks to the sustainability of the market locally. We anticipate that these risks are likely to continue to impact us until October 2025.

1. Workforce Recruitment and Retention – We need to ensure that we have an adequate supply of a well-trained workforce to meet current and future demand. The impact of not addressing the under supply of people choosing to work in adult social care is that we will not be able to meet need. To address this, we need to make working in social care 'A profession to which people are attracted, are able to progress and wish to remain' .

2. Affordability of funding reforms – Although we have historically undertaken detailed work around self-funders, we retain the risk of underestimating the number of self-funders and/or people who will meet the care cap. This would make the reforms unaffordable. However, the delay in implementation of the reforms allows an additional opportunity to monitor this.

3. Maintaining diversity within markets – A Care Act requirement. We need to further understand the challenges faced by different sized homes and organisations unique circumstances.

4. Top-Ups – Over reliance on Top Ups within our residential care market.

5. Setting a 'fair cost' considering future service models and complexity of need is complex. After testing, if we widen our 'wellbeing team' approach into the independent and charitable sector, we will also need to develop a new approach to fee setting as the delivery of services differs to more traditional models. We will continue to pay based on complexity of need within our residential market. The current cost of care exercise does not allow for this nuance in our fee setting approach.

We need to carry out further work with providers to understand their submissions and to adapt our fee setting process to take account of any learning from this process. This will create a localised approach to fee levels based on that intimate knowledge of the market and how it operates in Thurrock.

Market Sustainability and Fair Cost of Care Fund

Within the 2023/24 local government finance settlement, £1.532m was allocated under the Market Sustainability and Fair Cost of Care Fund. £0.442m of this funding was the continuation of the 2022/23 allocation, with £1.090m being additional funding for 2023/24.

This funding (£1.090m) will be allocated to support the whole social care market to address the key risks highlighted in this document – for example, recruitment and retention (including encouraging new entrants), diversity of provision, disproportionate 'top-ups' in residential care, and so on, or in response to the key drivers identified by the government in their 'Provisional local government finance settlement 2023 to 2024: consultation' document.

> "The government expects this new grant funding will enable local authorities to make tangible improvements to adult social care, and in particular, to address discharge delays, social care waiting times, low fee rates, workforce pressures, and to promote technological innovation in the sector."

The council accepts that different providers/services will have varying needs and that some issues will be unique to individual organisations e.g. a small independently owned care homes may not be experiencing staff retention issues but may face challenges by not being able to lever the economies of scale of larger providers. As such, we will work closely with providers on identified issues and also seek proposals from provider/s (as an individual or as a group) to find solutions that make a difference to their service/sector.

Note: after the above approach to the grant was agreed and detailed in this document, providers contacted us to suggest that it would be more beneficial if the grant monies formed part of the fee uplift for 2023/24 rather than a separate process. As we have identified other funds that can be used to support workforce recruitment and retention initiatives (our biggest risk), we have adapted the above approach for 2023/24 to reflect provider preference/requests.

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

a) 65+ care homes market

Due to limitations of space, we are unable to detail all plans, priorities, and activities in this area. As such this response should be read in conjunction with:

- www.thurrock.gov.uk/health-and-well-being-strategy/case-for-further-change-2022-2026
- democracy.thurrock.gov.uk/documents/s29030/Agenda%20Item%208.%20Appendix%201.%20Regional%20Workforce%20Strategy.pdf

Although we have identified some areas (below) that are a priority for additional funding, it is dependent on whether the reforms are affordable as to the level of progress we are able to make in each area.

Workforce recruitment and retention

The ADASS Eastern Region Workforce Strategy has multiple deliverables to improve the recruitment and retention of staff. However, funding is required to reappraise the value of care staff both in terms of recognition and pay. We are also aware that funding is required to target the disproportionate use of '0' hour contracts within our locality and to improve the terms and conditions of our front-line care staff. This should help to attract both new recruits and retain our valuable workforce.

Increased satisfaction through the delivery of new models of care including new (and blended) roles once tested should improve workforce recruitment, retention and reward. Alongside this we need a clear career pathway to attract younger entrants into social care to address the predicted shortfall caused by an ageing workforce.

Funding must be prioritised for this area of improvement.

Affordability of funding reforms

Due to the detailed work on self-funders we undertook in 2019, we have some confidence in our assumption that we have a low self-funding market compared to regional and national averages. This reflects information available about areas with high levels of deprivation and self-funding prevalence. Therefore, we do not expect the impact of self-funders requesting an assessment to be unmanageable.

Due to the level of deprivation in Thurrock and our low level of self-funders we have always allowed access to our contracts rather than requiring people to arrange their own care. Therefore, we do not expect the impact of the care cap to be significant at 'go live' but are aware that the impact will increase over time.

However, if either assumption is incorrect – the reforms may be unaffordable. The delay in the implementation of reforms allows us a further opportunity to continue to monitor the self-funding market and any potential impact in Thurrock.

Self-funders in residential care

Data from the 2019 exercise and provider submissions suggest we have a low level of self-funders. This in turn would suggest that the market in Thurrock has not been over-reliant on cross-subsidy. We have tried to support our market by carefully managing its development and the balance between supply and demand thereby minimising voids. This has helped with the efficiency of residential care providers with Thurrock.

We are not seeking to expand our market beyond its current provision (except to test a new model of care utilising in-house provision to minimise the risk to the external market) as we have heavily invested in community services and ways of working which keep people at home for longer.

Instead, we will continue to focus on quality and ensuring we can work with providers to agree a sustainable level of funding depending on the complexity of need they meet.

Maintaining diversity within markets

It is important (and a Care Act requirement) to maintain diversity within the market whether that be organisation type or service delivery. We will utilise the individual submissions to have further conversations with our providers about the unique issues faced by their organisation/home. Funding will need to be used to maintain market diversity.

Top-ups

We recognise whereas there may not have been an over reliance on cross-subsidy from self-funders in our market, there is possibly a disproportionate use of 'Top-ups' in our locality. We will need to work with providers to understand where a 'top up' is appropriate (for example, additional facilities or service) and where it needs to be considered as part of our fee negotiations (for example, an early desktop assessment suggests that smaller homes maybe more reliant on Top-Ups than larger homes that have an economy of scale).

Funding will need to be prioritised depending on the findings of this exercise.

Mechanism to set a fair cost

The current exercise to ascertain an 'average' has limitations as it does not address the commissioning for complexity of need nor future/innovative service models.

As such, we are committed to working with providers to revise our current fee setting process to take account of the limitations identified and will prioritise funding to reflect this.

b) 18+ domiciliary care market

Many of the issues identified in 3(a) are replicated for Domiciliary Care:

- Workforce Recruitment and Retention
- Affordability of Funding Reforms
- Maintaining Diversity within Markets
- Mechanism to set a fair cost

As such they will not be address again in this section. However, Domiciliary Care does have some specific considerations.

Investment in new models of care and a 'fair cost'

To improve individual outcomes whilst addressing recruitment and retention issues within the adult social care workforce, we are testing the introduction of wellbeing teams on a larger footprint. This is currently limited to internal services, however, should it prove successful it is our intention to roll out this model to the external market. It is our expectation that this model will be more sustainable than the current 'time and task' approach.

We will also need to work with providers to ascertain a new 'fair cost' for this new model of delivering care.

Funding will need to be prioritised to make this change and to move towards a 'new fair cost'.

As stated previously, we aim to increase fees for 2023/24 to take account of the pressures existing providers of residential and domiciliary care are facing. In addition, we will utilise the market sustainability and fair cost of care grant in partnership with providers to try and address the barriers (detailed throughout this document) to achieving a vibrant market.

As stated in our Annex B document, meetings were held with providers to develop the Annex A, B and C. In addition, in February we met with providers to discuss the above grant conditions, our market sustainability priorities – for example, recruitment and retention etc and how we will work with providers to allocate this funding against priorities.