

Market Sustainability Plan – London Borough of Bromley

Note: This Plan is subject to the agreement of the Council's Executive on 29 March 2023

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

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

Sufficiency of supply

The London Borough of Bromley has the second largest older people population in London with 60,100 residents +65 years (POPPI 2023 estimates). Adults aged 65+ are predicted to grow in line with national trends. The rate of admission into 65+ care homes will therefore increase as it has done in recent years. In 2021/22 there were 325.2* new permanent admissions for 65+ to residential/nursing homes per 100,000 population. There has been an increase in the acuity of older people supported by the Council since the pandemic.

Bromley has one of the largest care home markets in London with 41 care homes registered with CQC for those age 65+. (6 of these homes are also registered for mental health support / learning disabilities or physical disabilities so this report covers the 35 care homes that cater for those age 65+ only.) Most of the market is targeted at self-funding clients, with a large part of the market not affordable to publicly funded residents. 7 homes take the Council's guide rate, 8 homes accept local authority funded placements with top-ups, with the remaining 20 homes (60%) rarely accessible due to only accepting private clients or having a Care Quality Commission rating of Requires Improvement.

Providers without nursing are full and vacancies are at a premium with 4-6 referrals for every vacancy reported. Providers are requesting fee uplifts of up to 30% to £900 per week which has been exacerbated by the Cost of Care exercise highlighting the gap. Two residential homes who accept the guide rate currently have restricted admissions/admissions on hold due to Care Quality Commission inspection outcomes. The Council is now placing with providers above the guide rate. Out-of-borough providers have increased fees in 2022/23, raising costs further.

Availability of homes with nursing in Bromley is also resulting in rising costs with increased use of out-of-borough providers charging up to £1,300 per week.

A Bromley care home with nursing recently deregistered to a home without nursing and another closed in 2022; financial pressures influenced this movement. Whilst the net number of beds in the borough has not changed significantly over recent years, the landscape of the local market is changing with the loss of the more affordable homes and the opening of 2 large new homes targeted solely at the luxury self-funder market within the last eighteen months. A new home which has received planning consent for 107 beds will also target this luxury market.

Market diversity

There is a good mix of large and smaller providers that support a wide range of needs that include Dementia, Elderly Mentally Infirm and Physical Disability. There is however limited provision for individuals with behaviours that challenge. 63% of homes are with nursing and 37% are without nursing, which is proportionate to the nursing/non-nursing split for Bromley Council/Integrated Care Board (ICB) placements. There is a shortage of homes without nursing in the east of the borough, however there are options just over the border.

Quality

31 out of the 35 have an overall Care Quality Commission Rating of 'Good' or better. The Council only makes placements into homes rated 'Good' or above, unless a Director of Adult Social Services agreement is in place with assurance that quality is sufficient for a placement.

Three providers are rated 'requires improvement' and one is rated 'Inadequate.' The Council and Integrated Care Board Quality Teams work closely with providers rated below good to implement improvements to quality.

Current fee rates and commissioning

The London Borough of Bromley uses weekly guide rates for homes. In 2020/21, 55% of homes without nursing and 83% of homes with nursing were within the Council's guide rates. 76% of EMI (Elderly Mentally Infirm) without nursing were within the guide rate. Needing to pay above the guide rates for placements in homes without nursing is reflective of reduced capacity in this market (especially in the east of the borough) and the challenges of making placements for clients with behaviours that challenge.

25% of placements in Bromley are commissioned by other Local Authorities with around two-thirds of these commissioned by other South East London boroughs. The Council's net median spend on placements without nursing is 2% lower than other South East London boroughs, but 6% higher for placements with nursing. The lower spend on placements without nursing is likely to further increase pressure to pay above the guide rate.

The average weekly placement cost in homes with nursing is currently £883 and £803 in homes without nursing – both costs are within a wide range. The Cost of Care exercise showed in Bromley, the median cost for per resident per week for homes with nursing is £1,473 and £1,356 for nursing with enhanced care. The median cost for per resident per week for homes without nursing is £1,206 and £1,128 for homes without nursing but enhanced care. The London Borough of Bromley costs are calculated to be higher than other South East London boroughs.

A 2021/22 analysis demonstrated that in comparison to other South East London boroughs, the Council's guide rates are generally higher. This aligns with the median Cost of Care costs in Bromley being higher than the other South East London boroughs. There is however a significant gap between Council's guide rates and net median spend vs the Cost of Care exercise.

The Council has a block purchasing contract for 70 nursing beds, which generally runs at full capacity. All other placements are made on a spot basis. Uplifts are negotiated each year.

In setting its budget for 2023/24 the Council has made provision for the increases in National Living Wage for contracted providers.

The implementation of the Cost of Care exercise in 2022/23 has significantly raised expectations over increased fees. Many providers are citing the exercise, alongside inflationary pressures, as reasons for increasing fees for new placements and for making requests for backdated fee increases in 2022/23. Similarly, increases in fees made for the purposes of discharge to assess using additional adult discharge funds has raised expectations from providers for fees for long term care placements. Requests for fee uplifts for 2023/24 are using the cost of care exercise and expectations on receiving shares of government grant to request large increases. The average weekly cost for residential care has increased monthly since the Cost of Care exercise and with increasing inflation.

The Cost of Care exercise and DHSC communications to providers on charging reforms has significantly increased provider expectations on receiving a large increase in fees from 2023/24. The postponement of the charging reforms has not abated these expectations. The grant provision and lack of clarity over funding from 2024/25 presents difficulties to our management of current pressures on market sustainability.

Workforce

The Bromley care home market (across all registered care homes) has a workforce of 1,614 RGNs and care workers plus an additional 838 non-care workers, the largest in South East London. Providers have reported needing to compete with other sectors offering higher pay and less challenging work. To date this has not impacted on capacity but is resulting in homes increasing fees because of increasing agency and other employment costs. Agency staff (care workers and RGNs) make up 12% of the registered care home staff.

Some providers have proved to be effective in recruiting and retaining staff, although this is not consistent across the market. Some providers are using Home Office initiatives to recruit from overseas and this is attracting some high-quality staff. The Council supports recruitment and retention as detailed below.

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

As of 8th February 2023, there were 67 registered domiciliary care providers based in the borough of which 15 agencies registered are pending their first CQC inspection.

In 2021, the London Borough of Bromley recommissioned its domiciliary care supply jointly with the Integrated Care Board creating a 'target' operating model of 8 geographical Patch providers, holding c.60-70% of packages supported with a Framework of providers holding c.30% of packages. Currently 82% of the provision is held within the new contract arrangements with 21% held by the Patch providers as the model mobilises. The contracts seek to obtain value for money through an optimum number of high volume and high-quality providers that work as partners with the Council and NHS.

There is a sufficient supply of domiciliary care provision within (and close to) the borough with the ability to call in additional providers at times of high demand. At times of peak demand there are challenges in provision to the semi-rural South of the borough.

Market Diversity

Supply through London Borough of Bromley contracts meet the diversity of needs presented by residents. The contracts intentionally provide for a wide range of needs including Standard, Elderly Mentally Infirm, End of Life, Disabilities, Discharge to Assess and Children and Young People. Both single and double handed care is provided. Providers use a strength-based approach utilising other community resources to give a more dynamic method to packages of care.

Quality

The Council's policy is to contract with providers that have a 'Good' or better Care Quality Commission rating. Providers that fall into 'Requires Improvement' are put under additional quality assurance measures and supported in their improvement. One of the Patch providers has been rated as 'Requires Improvement' by the Care Quality Commission. Another of the Patch providers has opened a new office in Borough and therefore this site is pending CQC inspection. There are however sufficient 'Good' providers in the local market – 44 out of the 67 based in Bromley.

Fee rates and Commissioning

The domiciliary care contracts use three fee rates across +18 service: Standard, Palliative and Discharge to Assess. Contract rates are increased in line with the Consumer Price Index (CPI) and National Living Wage increases each year of the contract resulting in an above inflation increase for 2023/24.

Within the contract arrangements there are the 8 Patch providers and currently 31 Framework providers. In addition, there are a group of providers carried over from an older Framework who continue to support individual residents for the purposes of continuity of care.

The average rate across providers in 2022/23 is £19.51 per contact hour including Funded Nursing Care (FNC) where applicable. This average compares to a Cost of Care exercise median rate of £27.37 - a distance of 28.72%.

Workforce

Most providers report challenges in recruiting and retaining good staff with Patch providers reporting challenges in reaching their contracted capacity. Providers have begun to access the Home Office Sponsorship Scheme with some successes. The Council is supporting its Patch providers with overseas recruitment.

Inflationary costs such as those impacting transport to service users, e.g., the expansion of Ultra Low Emission Zone (ULEZ), are a key issue for providers.

Section 2: Assessment of the impact of future market changes (including funding reform) between now and October 2025 for each of the service markets Care Homes

It is estimated that 51.4% of care home provision is accessed by self-funders. The self-funder fees range from an average of £1,400 per week for care without nursing and £1,800 per week with nursing. For some newer homes, fees start at £2,500 per week and can rise to £4,000 per week. The rate paid by self-funders currently is higher than the estimated cost of care exercise of £1,167* without nursing and £1,403* with nursing. It is therefore assumed that more people will take up Section 18(3) of the Care Act 2014 to bring down the costs they are paying for care.

Most self-funders are directly accessing care without seeking independent advice. Based on the assessments undertaken for those who are no longer able to fund their care, there is evidence that these residents are entering the care home market too early and often unnecessarily. This could mean that with an increase in self funders accessing section 18(3) of the Care Act 2014 there is an opportunity to ensure advice is provided on other options and how their needs can be better met in the community. There may also be a small group of self-funding residents not accessing care homes due to concerns of cost and wealth depletion who may choose to enter a home where fees are more affordable.

It is therefore predicted that overall, there is unlikely to be a significant change in market demand from local residents. The key change will be self-funders approaching the Council to access the market.

If Council fees are increased and more people are coming through the London Borough of Bromley to arrange their care, less people would be contracting with care homes directly as self-funders. This could have a positive impact on attracting more affordable care homes to the borough rather than the high cost, luxury homes that dominate. This could unlock current

unoccupied capacity which is unavailable due to quality and cost. There may also be a positive impact on the quality of the local market where the lower quality homes often have more Local Authority funded clients, or charge fees that do not reflect the actual cost of care being reported through this exercise. In bringing up the fees paid to these homes it would be hoped that there would be an improvement in the quality.

In the period to October 2025 the Council will be looking to reduce referrals into care homes in preference to enhanced domiciliary care and other care support provisions. Care home capacity in Bromley will increase, however this additionality will be concentrated in the luxury market not accessible to the Council. It is anticipated that inflationary pressures begun in 2021/22 will continue through to October 2025. Managing affordability, even with additional government grant, will continue to be a priority and we anticipate that the coming round of uplift negotiations for fees in 2023/24 will be difficult. Sustaining those care homes that reliably and affordably support publicly funded residents will be a priority

Key strategic risks:

- Inflationary pressures resulting in care homes increasing fees for existing and future residents;
- Increased threats from providers to evict residents where fees are not significantly increased;
- Continued growth of the luxury care home market without a growth in affordable provision; and
- The increase in the number of residents coming through the Council to access care and support from 2025 is predicted to be significant. This will have a substantial impact on our resources in terms of managing and responding to the demand.

* as per Annex A – user-weighted average cost per week

Domiciliary Care

It is estimated that of those residents accessing community care and support services in Bromley 59.7% are self-funders, higher than the London average at 23% and South-East authorities at 33.9%. It is anticipated that more people will take up Section 18(3) of the Care Act 2014 to reduce the costs they will pay for care.

The Council anticipates that the fee uplift provisions made in its contracts with its 8 patch and 31 framework providers will sustain provision at a higher fees rate. A priority is to develop the capability and capacity of the 8 patch providers to create a group of sustainable larger volume providers that can support residents with greater need and introduce flexibilities through trusted assessor arrangements.

Key strategic risks:

- See financial risks to the Council as a consequence of the large self-funder population in the Care Home section above;
- Expectations from contracted providers over shifts in fee rates;
- Impact of the shift in fee rates and associated renegotiations on contract sustainability; The Council may need to consider recommissioning its contract arrangements; and
- Inflationary pressures resulting in providers opting out of contract.

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

(a) 65+ care homes market

The following actions to support care home market sustainability have been developed over the last 3+ years through co-production with providers, and jointly with NHS partners, through provider forums and other joint working:

- Care and health integrated commissioning arrangements for hospital discharge support and joint funding panels with South East London Integrated Care Board;
- Ageing Well Strategy – covering wide range of support to older residents;
- A dedicated GP practice for 65+ care homes;
- Additional investment in self-funder information, advice and guidance made in 2022/23;
- Award winning multi-agency support to care homes – MJ Achievement Award 2021;
- Continuous care worker recruitment campaign including support for overseas recruitment;
- Digitising all care homes through the Digital First Programme (support with Data Security Protection Toolkit (DSPT), NHS mail and Proxy Access);
- Access to training and development for managers and staff;
- Introduction of the Restore 2 initiative for better management and escalation of deterioration;
- Quality Assurance reviews of providers to assure standards are maintained / enhanced; and
- Regular forums for information exchange, market consultation, co-production and mutual support – co-production of the Market Position Statements for 2020 and 2023.

Further actions in the next three years include:

- Increase engagement with self-funders to better understand their priorities;
- Housing with Care Programme to recommission and expand Extra Care Housing provision and other specialist housing;
- Further digitisation of care homes through continued Digital First and Delivering Innovation in Self Care (DISC) programmes;
- Understanding the impact of Cost of Care exercise on whole local care and health market; and
- Publication of the new Market Position Statement in 2023.

Committed Grant Funding in 2023/23:

- 75% of the Fair Cost of Care Grant has been allocated giving an additional fee to sustainably support affordable providers with a high occupancy rate of LB supported residents.

Priorities for 2023-2024:

- Target funds where more 'sustainable and affordable capacity' may be realised;
 - Targeting Market Sustainability and Improvement Grant towards those care homes that have high occupancy rate of Council funded residents and for placements within Bromley; and
 - Supporting sustainability for Extra Care Housing and looking to increase supply.
- (b) 18+ domiciliary care market**

The following actions to support domiciliary care market sustainability have been developed over the last three or more years through co-production with providers, and jointly with NHS partners, through provider forums and other joint working:

- Care and health integrated commissioning arrangements for hospital discharge support and joint funding panels with South-East London Integrated Care Board;
- Joined up care and health commissioning of domiciliary care contracts;
- Continuous care worker recruitment campaign including support for overseas recruitment;
- Training and development for managers and staff;
- Quality Assurance reviews of providers to assure standards are maintained / enhanced;
- Regular forums for information exchange, market consultation and co-production and mutual support; and
- Monthly newsletter to provide regular information sharing.

Further actions in the next three years include:

- Progressive increase of contracted rates in line with CPI and National Living Wage;
- Roll-out of trusted assessment model for contracted domiciliary care providers;
- Expansion of Direct Payments;
- Expanding use of assisted technology to help more people to live at home; and
- Understand impact of Cost of Care regulations on whole local care and health market.

Funding priorities for 2023-2024:

- Investing Market Sustainability and Improvement Grant in Patch providers to increase their capacity and capability;
- Continue to work with Patch providers to address 'workforce supply' issues by supporting overseas recruitment; and
- Continue supporting Patch providers to reach their contracted capacity as per the new domiciliary care contract arrangements.