**Annex C – Final Market Sustainability Plan**

**Background**

* Reading is a town in the Southeast of England with a population of 174,200 people (ONS, 2021).  As an urban area its population is younger than rural neighbouring authorities with an estimated 20,900 people (12%) over 65 of whom 2,900 (1.7%) are over 85 years old (ONS, 2021).  Whilst there has been an increase in the number of older people since the 2011 data collection, the overall proportion of older people to the whole population has not changed.  A profile of the town can be seen by following this link [Profile of Reading - Reading Borough Council](https://www.reading.gov.uk/about-reading/profile-of-reading/)
* Reading Borough Council commissions or directly provides individual long-term social care packages for 1558 adults (March 2023) of which 49.9% are over the age of 65 years.  The Council also commissions services which impact more broadly on the lives of people within Reading including equipment, advocacy and preventative services such as the support provided by the voluntary & community sector (VCS) under the Closing the Gap framework (part funded through Public Health) to provide early help, reduce the impact of deprivation and address inequality.
* The overall strategic approach of the Council is to promote individual, family and community strength, to support people to realise their potential, remain independent and live in their own homes for as long as possible.
* As a unitary authority, Reading not only works closely with the Buckinghamshire, Oxfordshire and Berkshire ICB (NHS), but also with neighbouring authorities in Berkshire and the Southeast. This facilitates a co-ordinated approach to both quality and sustainability as providers often work across different commissioning authorities.

**Section 1: Revised assessment of the current sustainability of the Local Care Markets**

1. **Assessment of current sustainability of the 65+ care home market**
* Reading has a stable 65+ care home market.
* There are 14 registered care homes in Reading for people over 65 years.
* In that last 6 months, 1 new home opened in the Borough for people over 65 years. This service will provide 86 assisted living units and will support people with both nursing and dementia needs.
* 8 homes are run by small independent organisations and 6 by national providers. Some of the care home stock is older, with 9 of the available homes being adapted houses rather than purpose-built care homes. The size of homes ranges between 12 and 137 beds. Several companies are known to be actively considering investment in Reading. The town is easily accessible for residents and people in neighbouring boroughs.
* The table below indicates the number of homes and available beds in each category. **NB**: Information on the new 65+ care home has not been included as the service has only recently opened and is supporting only a small number of residents.

|  |  |  |  |
| --- | --- | --- | --- |
|   | No. of homes  | No. of beds  | % Occupancy  |
| Residential only | 2  | 46  | 78%   |
| Residential Dementia  | 7  | 324  | 83%  |
| Nursing  | 1  | 75  | 81%  |
| Nursing Dementia  | 3 | 238  | 89%  |
| Total  | 13 | 729 | 83%  |

* At present, overall occupancy across care homes is 83%. In September 2022, the Council identified that around 26% of beds are purchased by the Local Authority; 39% by self-funders and 20% beds by other commissioning authorities. 17% of the maximum capacity was vacant. The level of voids is on par with the rest of the Southeast. Some individual homes within the borough have a larger number of voids, but these homes have plans in place to remain operational and to fill beds over time.
* Most people needing residential, or nursing care can be supported in the town or in Greater Reading enabling people to maintain contact with family which is an important factor in wellbeing and in line with the Council’s strategic approach.
* Since the pandemic, the Council has seen a significant reduction in the number of care home placements. In part this appears to be an impact of the pandemic and changes in people’s behaviour and expectations, but it also reflects the Council’s intention to support people to be independent and live in their own homes for as long as possible.
* Local demographic information predicts an increase in the older population so it is anticipated that the borough will see continuing growth in the need for care home services. In addition, the Council forecast that should the Adult Social Care Reforms be implemented (now delayed until October 2025) this is likely to lead to an increase in the number of people approaching the Council for direct care and support by up to 25%.
* Whilst the Council can source placements when needed, it can still face seasonal pressure and when sourcing care for people with complex behavioural needs arising from late-stage dementia, mental ill health and for people with bariatric needs. The Council anticipates that care homes are likely to be supporting a frailer population, often with more complex needs and for a shorter overall duration. This needs to be an important consideration for care home development – particularly the need for suitable premises (noting the high number of care homes in Reading that are not purpose built), equipment, appropriate training for staff, and co-ordination with primary and acute health care.
* The Council block purchases 75 care home beds from and will imminently be tendering to increase its overall block provision to 80. Block contracts provide certainty of income, surety of provision and overall stability for both providers and the Council.
* Block purchased provision is considered first when making a placement but if this is not suitable then the Council is able to competitively spot purchase considering availability, choice and price. If the resident or their family, choose more costly provision then top ups may be chargeable. A very small minority of placements have a third party top up in place which indicates that the Council is currently purchasing at rates required by a competitive market.
* Current rates are provided in the table below.

|  |  |
| --- | --- |
|   |  March 2023 - Average |
| Residential 65+ | £834.88 |
| Residential Dementia 65+ | £803.48 |
| Nursing 65+ (does not include FNC)  | £925.65  |
| Nursing Dementia 65+ (does not include FNC)  | £834.36  |

* Participation in the Fair Cost of Care exercise was disappointing but did **not** indicate a significant discrepancy between rates paid by the Council and the ‘fair median rate’. The Council does not set fee rates and will continue to use a range of information when determining a cost-effective price and will work with providers to ensure that inflationary uplifts are reasonable and reflect current pressures. Following engagement with the market, the Council will be offering inflationary uplifts to the market for 2023/24 which reflect rising workforce costs and cost of living. Land transfer arrangements have enabled the Council to secure some competitive rates which impact on averages.
* At present, financial viability appears good. The average credit risk for the 13 established care homes in Reading is 78/100 which would suggest a low risk of financial insolvency within the next 12 months though the Council recognises the need to ensure close oversight given current cost of living and workforce pressures.
* Reading does face sufficiency challenges in the social care workforce. Whilst current market conditions in Reading are supporting the development of the workforce and most care homes have sufficient full time and bank staff, recruitment and retention requires continued attention, particularly as retail and leisure services in the borough are paying competitive wages with additional benefits to staff. It is difficult for care homes to compete. The Council, as part of its commitment to the Unison Ethical Care Charter encourages care home providers to pay staff the Living Wage Foundation ‘Real Living Wage’ to support recruitment. Care Homes in Reading employ 36% of the care work force. 95% of are on permanent contracts but 16% of those are 0-hour contracts. This is double the average for care workers in England. 46% of staff in nursing homes have a qualification relevant to social care and 42% of staff employed in residential services have a qualification relevant to social care. These are comparable with levels of qualifications across England ([Skills for Care Workforce Intelligence Data 2021/22](https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/publications/local-information/My-local-area.aspx)).
* At present, 11 homes have CQC ratings of either ‘Good’ or ‘Outstanding’, 2 are rated ‘Requires Improvement’ and the new home is yet to be inspected by CQC for the first time. Quality monitoring brings together information from CQC, safeguarding and complaints and contract management.   The Council works closely with neighbouring authorities, CQC and the NHS in monitoring the quality of provision.  During the pandemic, services were not routinely visited by families, the regulator, local authority or health. Over the last year, the reinstatement of regular reviews, quality visits and CQC inspections has highlighted the need for a heightened focus on quality and the Council has recruited additional officers to support in quality monitoring.
1. **Assessment of current sustainability of the 18+ domiciliary care market**
* As stated above, the Council aims to support people in their own homes. This means that investment in CQC regulated domiciliary care, extra care housing and supported living is critical.  So too, support to the ancillary services which make it possible for people to continue living at home, e.g., equipment and assistive technology.
* Most home care purchased by the Council is provided to people over 65 years (79%). Whilst the Council provides home care to people under 65, many younger adults choose direct payments; are in supported living or receive floating support.
* Within the home care market, 34 providers are ‘actively’ working in Reading. The Council also works with a further 7 agencies which are registered outside of the borough. Some of the 41 providers deliver exclusively to the self-funding market, others operate across self-funder and local authority markets.
* The Council operates a procurement framework for the supply of home care. 20 providers work on the framework at an hourly rate of £21.32 (2022/23). The framework rates were initially established through a competitive procurement process and inflation has been paid each year to ensure that the rate remains competitive. The framework meets current demand, and spot purchasing is minimal (tending to occur during August and over Christmas/New Year).  Private rates tend to be higher and visit times longer, with additional costs added for both weekends and bank holidays.
* The current rate was introduced in December 2022 and was an 8.08% increase using Fair Cost of Care monies to support providers to support the early implementation of the Real Living Wage of £10.90 per hour to support retention of care staff over Winter months and in a competitive recruitment marketplace.
* As a town with good infrastructure, staff travel costs are minimised by use of public transport, walking routes and car shares. The Council stipulates that providers must pay staff for their travel time.
* The framework offers a choice of providers across the borough with a mixture of both local providers and national franchises. Support packages are usually picked up quickly. Delays usually arise in known postcode areas of the town (e.g., traffic congestion hot spots), because of individual behavioural challenges or complex family dynamics. To address some of these issues the Council has worked with providers to develop a care handback pathway to support providers as early as possible to avoid hand backs and work with individuals and their families who present with behavioural challenges. This is working well to reduce handbacks.
* In August 2022, the Council reviewed its home care framework and took the decision to extend the arrangement to March 2025.  There is a facility within the framework to ‘reopen’ if provision is insufficient. The framework was last reopened in October 2021 and bids to join were received by 5 providers suggesting a healthy interest in the advertised rates.
* All framework providers have an Annual Quality Assessment. The Council also responds to quality information from safeguarding, complaints and CQC. Whilst overall quality of provision has been good concerns have emerged over the last year.  During August 2022, two providers (1 on the framework) were rated inadequate by CQC. One provider has been red flagged by the Council and is not presently providing support. The other has worked hard with us to improve standards and is now amber flagged and receiving work but with conditions attached. At present, a further provider has been ‘red flagged’ following a serious safeguarding concern that is being investigated.   Quality issues largely appear to be arising from issues with staff retention and recruitment. Recent complaints from service users have focused on shorter than scheduled calls times and carers being rushed. When investigated this has been linked with rota issues; staff leaving the care industry and difficulties in recruitment into the sector.  The intensive oversight and support provided by the Council, CQC, health and other commissioners, is an important cornerstone in market sustainability.
* Where the Council experiences home care sufficiency issues, this tends to arise from workforce challenges, not from the number of providers.  Framework providers are expected to pay their staff the Real Living Wage to ensure that they are in a good position to compete with other industries, e.g., leisure and retail. Changes to the Real Living Wage are tracked and used to inform annual price increases.  Whilst there have been several staff vacancies and the position is stabilising, this has not yet reached pre-covid levels.  The Council’s works with providers to support recruitment and retention. has included initiatives to support Overseas Worker sponsorship. This has led to an increase in the number of staff recruited and coming from overseas. Whilst this has directly increased capacity in the market, it has also brought additional concerns regarding the treatment of these individuals when they arrive to the UK and their use in the market and an area of development is to work with providers to ensure adherence to best practice to maintain standards.

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

1. Demand - The impact of the pandemic continues to emerge, with increasing numbers of people affected by mental ill health and older people who have deconditioned because of social isolation and limited activity. The size of the population of Reading has grown (and will continue to grow), so too the number of people living into very old age whose life and wellbeing is impacted by factors such as high health needs, dementia, and poor mental health. Increasingly complex needs require different solutions from the market - e.g., bariatric care. Reading is also an ethnically diverse population which needs to be taken into consideration in ensuring culturally sensitive provision. Overall, Reading needs to respond to an increasing number of people needing care, but also to ensure that resources are appropriately targeted and make the most of individual and community strengths. This includes investment in preventive approaches which reduce the need for long term care (e.g., early help, equipment, assistive technology, support for unpaid carers); good quality support to enable people to live at home even with high needs (home care, supported living and extra care housing as an alternative to residential) and suitable care home provision to support people with the most complex needs (e.g., registered nursing care homes)

1. Workforce - As an urban area with good infrastructure and a younger population, Reading is to some extent protected from the workforce challenges experienced in rural areas. That said, the care market must compete for staff with other industries such as hospitality and retail and a high cost of living as demonstrated by house prices and rental costs. The Council supports the Unison Ethical Care Charter and encourages (and where possible contractually requires) providers to pay the real living wage which in 2023/24 year will increase by 10.1% from £9.90 to £10.90 and is likely to increase substantially in future years. The Council is keen to develop and support initiatives to encourage people to work in care - such as learning and development and career progression particularly to reflect the increasingly complex needs of people needing support.
2. Cost of living – The rising cost of living has been a significant recent challenge. For providers, it impacts on the cost of delivering care – e.g., utility costs, food, the cost of borrowing and rising mortgage rates.  It directly impacts on the workforce who are predominantly low paid; and it impacts on the general population with the increasing impact of poverty affecting health and wellbeing.
3. Performance of other care markets – the sustainability of the care home and home care markets is reliant on the healthy performance of other care markets. This includes:
	1. Supported living for younger adults
	2. The personal assistant market (funded by people with direct payments).
	3. Extra care housing as a preferred alternative to residential care.

If all markets are not proportionately sustained, then increasing pressure falls to the home care and care home markets. At present, within Reading, some younger people are supported with home care provision when they may be better served by a supported living model of care. In ensuring sustainability, the Council is mindful of the importance of whole market oversight, recognising the impact of markets on each other, the need to have a balance and not take a siloed approach to market management.

1. Quality – As noted above, several factors in Reading are indicating the need for an enhanced focus on quality. This includes increased complexity of need, emerging issues following limited oversight during the pandemic, recruitment and retention challenges and the need to ensure adequate support to providers and employees to enable overseas sponsorship to be an effective workforce solution.
2. Decision making and choice of neighbouring commissioners (including health commissioners and other local authorities) - The decisions made by other commissioning authorities can directly impact on markets in neighbouring authorities. This is overcome by good communication, joint working and joint commissioning. The Integrated Care System will drive continued improvements and the Council continues to seek opportunities for joint commissioning – for example the Berkshire wide equipment contract.
3. Future implementation of Social care funding reform – Whilst at present, the funding reforms have been postponed until October 2025, this remains an important factor in market development. The introduction of the care cap and change in approach to financial contribution would inform both Council strategy and care markets - particularly if there is a reduction in the amount of funding available for social care as more people draw down local authority funding. Care homes and home care agencies in Reading support private and Council funded clients. The number of private funders in care homes exceeds the number of people funded by the Council and an estimated 400 people are purchasing home care in addition to those funded through the Council. With the implementation of the funding reforms, the Council anticipates that the number of people sourcing care through the Council would increase.  Whilst people would expect to pay the same as the Council for the same product, it is likely that market differentiation would continue and would be supported by the private market.

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

* It is the Council’s intention to support people to realise their potential, be independent and live in their own homes for as long as possible whilst meeting need for intensive support where this is required. Key factors in the Council’s approach include:
	+ Investment in preventative and enabling community services which offer early advice, guidance and support and prevent deterioration.
	+ Development of sustainable, good quality support to provide ‘just-enough’ support to meet need, maximise independence and assist people to take greater control - e.g., direct payments, personal assistants, assistive technology.
	+ A reablement approach where the focus is on enabling people to get well and regain independence after a period of poor health.
	+ Investment in more intensive support for people with greater needs - this includes both supported living and extra care housing as alternatives to residential care.
	+ Ongoing provision of care and support including residential and nursing care homes - for people with the most complex needs who are no longer able to safely remain in their own homes.
* This year (2022/23), Reading Borough Council received £384,414 of funding from the Market Sustainability and Fair Cost of Care Fund. As stated above, reflecting the strategic intention to support people at home and in recognition of the need to support recruitment and retention over the Winter months, the Council directed most of this funding to the home care and extra care support markets and implemented a December 2022 uplift of 8.08% to enable providers to pay the Real Living Wage. An element was also spent on the completion of the fair cost of care exercise.
* In the coming financial year, the Council has recognised the need to support the sustainability of all care markets, particularly given the high cost of living pressures and significant rise in both national and real living wages. The Council is working with **all** providers to ensure that inflationary annual uplift is sufficient to ensure sustainability whilst being affordable. It is paramount that the Council continues to ensure a fair and balanced approach across **all** markets which all draw on the same workforce across the borough.
* In terms of the fair cost of care exercise (Follow this link to see the Council’s Annex B submissions: [Information for care providers - Reading Borough Council](https://www.reading.gov.uk/adult-care/adultcare/information-for-care-providers/)) the output will add to the knowledge used by the Council to inform market sustainability. Given the disappointing response level, a key aspiration is to identify additional ways of working with the market to improve engagement and build trust - not just with framework providers, but with all providers in the borough.
* At present, the grant conditions for future Fair Cost of Care funding are not known. The Council, however, anticipates taking the following actions to support market sustainability.
1. Managing demand and preventative approaches
* The Council is currently developing its **Adult Social Care Strategy for 2023 to 2026**.
* Over the next 3 years, the Council intends to continue its approach to maximise the strengths and assets of people and communities to reduce the need for intensive social care support. This includes:
	+ Consolidation of the 3 Conversations Model to assessment and support to ensure that people are supported proportionately, effectively and in a timely way.
	+ Development of the Council’s advice and well-being hub (Front Door) to incorporate the VCS - particularly at Conversation 1 (Listen and Connect) to signpost, provide early help and prevent deterioration.
	+ Enhanced support to carers so they feel better when caring for family members at home.
	+ Encouraging the take up of direct payments so that people have greater choice and control when meeting their care needs.
	+ Increased use of technology across all services to support independence and reduce reliance on direct support solutions.
	+ Development and consolidation of approaches to co-production to ensure that the voice of people with lived experience and providers informs strategic approaches and service design.
1. Developing the market
* Investment and development of the VCS and other community support services as an alternative to more intensive care services, effectively supporting people at the earliest opportunity to give people the best chance of remaining well and independent.
* Over the next two years, the Council is refreshing and reprocuring both its supported living and home care procurement frameworks (March 2025). This will be an opportunity to work with service users and providers to determine the best approach for Reading and will include consideration of:
	+ Continued investment in and support of the home care market - e.g., overseas worker sponsorship to ensure a steady flow of quality staff; including working with ADASS to look at improved support to care providers and overseas workers to ensure best practice; investment in training so that staff can support people with more complex needs at home and can support Home First and Reablement pathways. This is likely to require integrated work with health, and development of the trusted assessor roles.
	+ Extension of the reablement offer, including the extension of reablement to a wider cohort of people - for example, people who are recovering from mental illness and people with learning disabilities.
	+ Making effective use of developing technologies (including specialist equipment and digital solutions) to keep people safe at home.
	+ Development of the supported living market as an alternative for younger adults (18-65) with more complex disabilities as an alternative to residential care.
	+ Ensuring floating support is a viable option for people who need community support as opposed to home care.
* In addition, the Council hopes to provide continued investment in the personal assistant market and consideration of micro-enterprises to increase the care workforce and provide alternative options for people to purchase care (using direct payments).  This will ensure a range of provision is available to support people and reduce reliance on home care as a ‘fall back’ option.
* Maximise use of extra care housing as an alternative to residential care (and potentially nursing care) and ensure that people (including self-funders) have a good understanding and awareness of at an early stage of available options before intensive residential or nursing care.
* Continue to build on effective joint work with health and social care, CQC, commissioners and providers to support ongoing quality improvement and ensuring any quality concerns are quickly resolved and addressed.
* Ongoing work to ensure the stability of the care home market in light of changing demand, exploring different delivery models to ensure that provision can meet increasingly complex needs and provision is fit for purpose – including needs arising from complex dementia, mental health and bariatric need; Co-ordinated training offers and innovative technology solutions.
1. Supporting the workforce
* It is critical that care providers can recruit and retain staff in an increasingly competitive market, especially when low paid workers are faced with escalating costs of living. This will be a key element of the Council’s approach in the coming years, recognising the importance of the workforce challenges faced across the social care industry. The Council will continue to promote sign up to the Real Living Wage to ensure pay rates are appropriate to support the care workforce.
* Over the last year, the Council has established a Workforce Board to consider challenges across the whole workforce, including care workers and care professionals – both internally and externally. As this work progresses, it is envisaged it will lead to the development of a **Workforce Strategy** for the area, with engagement from a range of partners. In the meantime, the Council is working with SE ADASS to share learning and develop new approaches.
1. Engaging with providers
* The level of engagement of providers in the Fair Cost of Care exercise was disappointing and was an indicator of the additional work that needs to be completed by the Council to engage providers. Over the last 4 months, the Council has had opportunity to engage with providers through supported living, home care and VCS forums. The Council has also re-established its care home forum which had lapsed during the pandemic; and will continue to support and encourage regular dialogue with all markets to ensure that local issues can be fully reflected; working alongside health and neighbouring authorities as appropriate.
* The Council is currently refreshing its **Market Position Statement** which is both an opportunity to work with and inform the market. Improved dialogue will enable providers to have more say in shaping the market, explore further opportunities to work together, share ideas and access additional funding for new initiatives – e.g., funding for overseas workers, digital approaches, capital funding (e.g., Transforming Care) and training opportunities. This could be further extended with investment in additional training and support to trial innovative technology, training offers for providers and additional resources.