Annex C: Staffordshire County Council

Provisional Market Sustainability Plan

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

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

Care providers in Staffordshire face challenges from general inflation and increases in the National Living Wage, as well as costs associated with recruitment and retention. Employment rates are high, so recruitment and retention are particular challenges affecting all sectors of the market. Conditions vary across the county with recruitment and retention a greater challenge in rural areas and in some urban areas where there is a high level of competition for staff between local employers.

The Council has seen the cost of care placements in residential and nursing care increase at a higher rate than inflation over the last 12 months. With the average cost of placements increasing by over 4% more than inflation uplifts awarded.

A survey of care home providers was undertaken during January 2023. A summary of the responses is set out below -

a) Responses received from 45 care homes. 31% were providers who do have care homes located in Staffordshire but who contract with the Council for one or more placements.
b) 82% of respondents provided care for older people.
c) Providers identified that their biggest financial pressures were national living wage, and increased costs from heat, power and food.
d) Providers budget for an average vacancy rate of between 5 and 20%, with the current average at 14%. 22% of the providers who responded identified vacancy rates as a potential risk.
e) 45% of the respondents stated that their business sought to generate profits of 6% or above (note this is significantly higher than the home care sector where 31% of respondents stated their business sought to generate profits of 6% or above).
f) Providers identified that historic legacy placements are paid at fees lower than those that are financially sustainable.

The national communication relating to delays in charging reform has resulted in local commissioners needing to manage the expectations of their local market, and providers have additional uncertainty in their own business planning.

Overview

There are 254 care homes registered with the Care Quality Commission located within Staffordshire. 186 of these provide care for people over the age of 65, with a total of 6483 beds. 165 (89%) of these contract with the Council.

The Council currently funds 2083 care home placements in county and a further 384 placements out of county for older people whose primary need is due to their age and associated physical disabilities rather than pre-existing learning disabilities or mental health problems and which are within scope of this Market Sustainability Plan.

In September 2021 Cabinet agreed the following strategic objectives from commissioning care homes;

- **Improving the quality** of care homes in Staffordshire.
- **Ensuring timely access** to care home placements when required.
- **Ensuring affordability** of care home placements.

Demand

The Council has seen a reduction in the number of funded placements in both nursing (-4.5%) and residential care (-3.2%) since March 2020. However, the average price of placements has increased by 4.4% nursing and 4.1% residential over the same period – this is in addition to annual fee uplift applied each year.

This has led to the total cost of placements increasing by 8.5% for nursing and 8.2% for residential care. Older people population projections for Staffordshire show a projected increase of 42% in the 85+ population by 2031. This is likely to result in an increase in demand for Council funded placements. The Council's Medium Term Financial Strategy assumes a year-on-year increase of 127 placements. The adult social care reforms will result in a substantial additional increase in demand as self-funders become eligible for Council funding.

Sufficiency of Supply

The national capacity tracker suggests an overall occupancy level of 86% for all Staffordshire care homes. The Council currently commissions 32% of the total number of beds available in 65+ care homes, a further 35% (ONS Estimates) is estimated to be purchased by self-funders. Experience of the Council's Brokerage service indicate sufficient supply for standard residential care, dementia residential care and general nursing care across the County. However, the supply of dementia nursing is becoming increasingly constrained. Since April 2022 there have been 6 older people care homes that have closed, 5 residential care and 1 nursing care, and a further 5 currently closed to admissions because of quality concerns whilst they are supported to improve. One new build nursing home has opened in the same period.

The reasons for the closures are a combination of quality/regulatory action (3) and business decisions made by owners (3). Four of the residential care homes which have closed had capacity of less than 35 beds, which may have impacted on their financial viability when faced with increasing costs.

Care Provider Market
Of the 186 care homes registered to provide care to people over the age of 65 in Staffordshire the main category of care provided is as follows (note some homes have beds registered across multiple categories)

Category	No. of care homes in county with beds registered for the care category	No. of Beds	No. of care homes in-county that contract with the Council	No. of SCC commissioned placements (in county and out of county)
65+ General residential (Lot 1)	112	3117	148	**440**
65+ dementia Residential (Lot 2)	81	2747	149	**920**
65+ General Nursing (Lot 6)	74	4268	65	**391**
65+ Dementia Nursing (Lot 7)	61	3720	66	**690**
				2441

The provider market is a mix of large national, medium sized and small local providers. However, 118 care homes have under 45 beds which is the minimum number of beds recommended by Laing & Buisson for a financially viable home). This issue has the potential to affect 84% of the Council's available supply of residential care and 31% of nursing.

Quality
Currently 64% of nursing and 84% of residential homes in Staffordshire are rated by the Care Quality Commission (CQC) as "outstanding" or "good", compared to the England average of 77% for nursing and 83% for residential homes.
The Council has increased its capacity to support care homes to improve the quality of the care, and in partnership with the NHS has developed a targeted resource to support nursing homes.
Our strategic objective is that every care home should be assessed by CQC are "good" or "outstanding" and those which fall below this level should be implementing a clear plan to improve. Some care homes have been unable to demonstrate the capacity or capability to improve the

quality of care provided, even with additional support. There is a risk to the sustainability of these care homes.

Commissioning Arrangements
The Council has two mechanisms for purchasing care from the independent sector.

1. Dynamic Purchasing System (DPS) – this is a contract through which the Council is able to agree a standard set of terms and conditions with a range of providers. Individual placements are then made using an electronic brokerage system with the price being agreed at the time of the placement.
2. Block Booked Beds – uses the same terms and conditions as the DPS but a home is contracted for a fixed number of beds with guaranteed business once these beds are activated. The price is agreed at the point of the award based on the tendered price submitted by the provider.

Cost and Fee Review
The Council has not operated standard fees for care home placements since 2014. The personal budget is set at the price which care that meets the person's assessed eligible care needs can be sourced at the time it is required.
The average cost of all placements across the four categories of care covered by this Plan are as follows (all placements including out of county):

Care Category	Mean cost of placements (£ per week)	Mean cost of new placements since rolling 12 months (£ per week)	Total Number of Placements (in-county homes)
65+ General residential (Lot 1)	670	784	440
65+ dementia Residential (Lot 2)	686	753	920
65+ General Nursing (Lot 6)	712	837	391
65+ Dementia Nursing (Lot 7)	842	1065	690
			2441

The Council has an annual process to undertake a discretionary fee review for adult social care commissioned services which considers increases in costs faced by providers.

For 2022/23 the Council awarded a 6.24% uplift to all residential and nursing care homes placements. Additionally, there was a 3% quality premium awarded for lower paid placements to support homes to improve quality (total 9.24% uplift) and a productivity saving of 3% for the highest paid placements (total 3.24% uplift). This was designed to both support the lowest paid placements (usually of longest duration) to improve quality and outcomes and to reduce the variation by narrowing the gap between the highest and lowest paid care homes with the same category of care.

For 2023/24 the Council used a similar approach but refined the calculation and “bands” to use quintiles, after taking into account the responses to last year’s fee review and the consultation in January 2023.

The Council has calculated that the actual increase in the costs for Residential and Nursing Care in 2022/23 is 7.24%. This was calculated assuming a split of 70:30 staffing and non-staffing costs, and average earnings rate of 6.4%, and CPI of 9.2%.

The Council recognises the challenge represented by historic legacy placements, which are less well paid, and that there is some association between the price and the quality of care. A quality premium will be applied to those placements that are lower paid. This would come with an expectation that it would facilitate improvements in the quality of care where necessary. It would also reward providers of block booked beds, which are typically more cost effective. The quality premium is 3% for placements in the lowest quintile of cost in each lot.

Other placements are already comparatively well remunerated, and a productivity saving will be applied to those placements that are higher paid in order to improve value for money for taxpayers. The productivity saving is 2% for placements in the highest quintile of cost

a) Care home placements in the lowest quintile of cost in each lot: 10.3%
b) Care home placements in the second quintile of cost in each lot: 7.3%
c) Care home placements in the third quintile of cost in each lot: 7.3%
d) Care home placements in the fourth quintile of cost in each lot: 7.3%
e) Care home placements in the upper quintile of cost in each lot: 5.3%

Workforce
Recruitment and retention is a key issue for providers in Staffordshire, and whilst some progress has been made by providers to improve pay and conditions to make working in care more attractive, there remain significant challenges in this area.

Staffordshire is a county with low unemployment and a low number of people seeking work. Skills for Care data identifies staff turnover rates as 38% for nursing homes and 30% residential care homes, leading to high use of agency staff. There is a correlation between homes that have a higher turnover of staff and high use of agency staff and quality issues and concerns. Providers identify recruitment and retention as one of the main risks they face.

Key Challenges

Although the current capacity in the county would appear to be sufficient to meet need for residential and general nursing, supply is becoming increasingly constrained for dementia nursing. With providers reporting 100% occupancy on the national capacity tracker.

Capacity in residential and nursing homes has been reduced by 107 beds through provider failure, and other homes are not available capacity through stoppages, and new development has created 89 beds. The Council is developing a set of proposals to reduce the risk of market insufficiency in this category of care.

The following challenges have been identified as presenting a risk to the stability of the market and may impact on the supply of care home placements in the county if not mitigated.

- Recruitment and retention – the inability to attract and retain quality staff who are committed and motivated to provide safe and effective care within care homes. Local research shows that the age of the Registered Manager workforce is predominantly over 55 years and succession planning for this group of staff is not sufficiently developed nor being approached collectively by providers.
- Local and national shortage of qualified nursing staff – having a direct impact on the quality of nursing care provisions and has led to homes "deregistering" as nursing.
- Financial viability – 118 (63%) care homes have under 45 beds; this will directly impact on providers' ability to generate sufficient revenue to offset increasing costs due to inflation and the general cost of living.
- Quality – there have been 6 provider failures in the county since April 2022 and a further 30 nursing homes are being monitored through the council's quality improvement processes, of which 8 are determined to be of moderate to high risk. This could lead to homes being suspended from accepting new placements.
- Adult social care reform – a number of homes do not look to the Council for business as they market their services wholly at self-funders. The impact of the proposed reforms is as yet unknown but does present a significant risk to those providers as they will lose private income that cannot be replaced by state income because the reforms are unfunded. The wider market does rely to some

extent on a proportion of self-funding business, although the level of cross subsidisation is not known.

b) Revised Assessment of the current sustainability of the 18+ home care market.

Care providers in Staffordshire face challenges from general inflation and increases in the National Living Wage, as well as costs associated with recruitment and retention. Employment rates are high, so recruitment and retention are particular challenges affecting all sectors of the market. Conditions vary across the county with recruitment and retention a greater challenge in rural areas and in some urban areas where there is a high level of competition for staff between local employers.

A survey of community providers, including home care, Extra Care and Supported Living, was undertaken during January 2023. A summary of the responses is set out below

a) Responses received from 38 providers: 22 home care, 2 Extra Care and 8 Supported Living.
b) 68% said that staffing costs accounted for more than 70% of their expenditure.
c) 43% said that the Council accounted for 50% or more of their business.
d) 1% identified potential risk for repayments of loans.
e) The three most significant issues causing financial pressure to providers were identified as recruitment and retention, National Living Wage and fuel costs
f) 31% of respondents had a business assumption of 5% or more profit, (5% required 10% or more and 38% less than 3%).
g) A number of providers stated that a move towards a better hourly rate of pay was required to stabilise recruitment and retention.

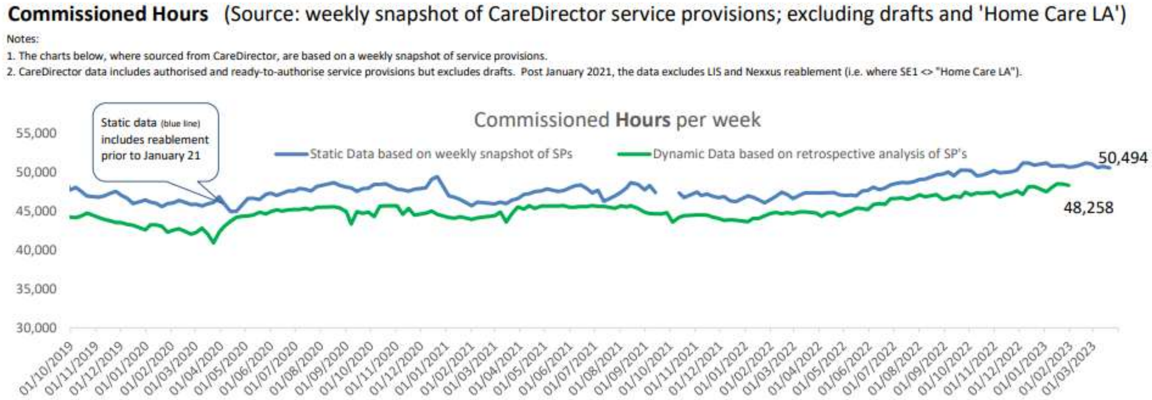
The national communication relating to delays in charging reform has resulted in local commissioners needing to manage the expectations of their local market, and providers have additional uncertainty in their own business planning.

Overview

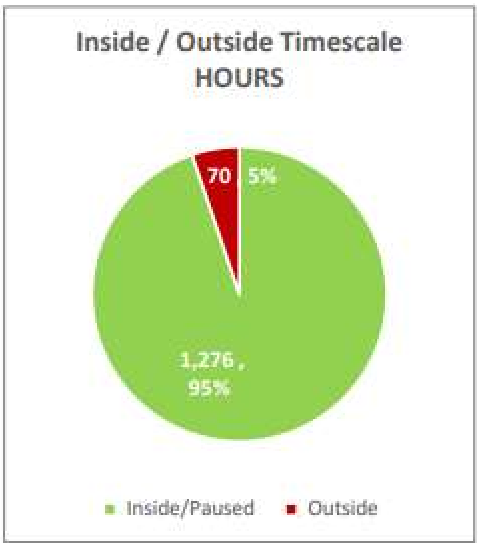
Home care providers vary in size with a mix of national, regional, and local providers. The Council contracts with 91 home care providers to deliver care across the county. The contract sets the price for standard care at £20 per hour with an enhanced price of £20.60 for rural areas to reflect higher travel costs. In April 2023 these rates will increase by 9% to £21.80 per hour with an enhanced rate of £22.46.

The Council commissions approximately 50,500 hours of home care per week and supports 3491 people with home care services.

Sufficiency of Supply
Demand for home care has and continues to increase.



Unmet need is defined as packages not sourced within required timescales and is estimated at approximately 70 hours per week (12 people), with Brokerage currently sourcing just over 1300 hours at any one time.



Currently 91% of packages are delivered by contracted providers, with the council's target being 90%.

Sufficiency in supply has historically been challenging in areas to the North and East of the county where population is spread over a greater area and travel time is significantly higher.

The Council reopened the contract to invite non contracted providers to join during July/August 2022, this has resulted in 23 providers being awarded contracts. The Council has seen a significant increase in capacity because of this, with unmet need reducing by 95% and the proportion of contracted provision increasing by 4.5% since October 2022.

Care Provider Market
Of the 113 contracted providers 100 are active and have commissioned care packages. Ongoing contract management and review is undertaken to decommission dormant providers who are not intending to provide care. A further 57 providers are delivering temporary care packages to 317 people as non-contracted providers.

10 of the 23 newly awarded providers are already delivering care as non-contracted providers. The benefits of bringing these providers into a formal contracting arrangement include greater quality assurance for people who receive care and improved business stability for the providers.

Quality
71.9% of contracted home care providers are rated "Good" by the CQC, with no providers rated "Outstanding".

Commissioning Arrangements and Fee Review
The Council's contract is divided into 12 zones which cover the whole of the county. Providers are able to apply to join the contract to deliver care in one or multiple zones.
The Council has set the hourly fee paid for home care within the contract and pays a slightly enhanced fee 3 zones which have increased travel requirements because of a dispersed rural population.
The Council pays providers based on commissioned rather than delivered hours. This was introduced in 2020 as a temporary measure as a means to improve market stability and reduce the risk of provider failure during the pandemic and was made permanent for the new contract from 2021.
The fees the Council pays are reviewed annually. The fee review process takes into account national changes such as increases to NI, national living wage etc, as well as the cost of care for the Council's wholly owned Local Authority Trading Company.
Home care providers do have private customers who are self-funding their care. The percentage of self-funders varies greatly across providers. Local modelling assumptions for social care reform assume 30%. However, providers are clear that the service they offer for private customers is very different to that which the Council commissions, offering a wider range of support than would be part of a commissioned package to meet Care Act eligible needs.

Fee Review for 23/24

Having reviewed the output from the national cost of care exercise the Council is of the view that the responses and results do broadly reflect the actual cost born by providers. The Council will work towards this rate, however this is not likely to be possible for a number of years, as there is insufficient additional funding from Government to allow a 16.6% uplift in 2023/24.

The Council has implemented a 9% uplift to take the standard rate from £20.00 to £21.80 and the enhanced rate from £20.60 to £22.46 for all packages with contracted providers. An equivalent 9% uplift to be applied to packages awarded through Lot B: Non-Standard Home Care and Lot C: Respite and Sitting Services.

Workforce

The capacity within the home care market is constrained by the availability of workforce. Staffordshire is a county with low unemployment and low number of job seekers. Most providers report challenges with recruitment and retention and more recently that has been compounded by the increase in cost of living and other sectors offering more attractive pay and conditions. Skills for Care data identifies staff turnover in the sector at 30% (in 2021/22)

As part of the fee review process last year the Council awarded total additional funding of £5m to home care providers, which included a recruitment and retention premium, to support them improving the minimum wage offered for care staff to be approximately 50p per hour above the national minimum wage.

The Council has also aligned the hourly fees paid for people receiving Direct Payments to those in the contract.

Key Challenges

The following challenges have been identified as presenting a risk to the stability of the market and may impact on the supply of home care and result in an increase in unmet need in the county if not mitigated.

- Recruitment and Retention - providers are unable to recruit sufficient staff and there is a deficit in job seekers in a competitive market with low unemployment, leading to high use of expensive agency staff. This affects the capacity to meet needs and leads to packages being “handed back” in areas where providers have vacancies.
- Impact of Cost-of-Living increases – resulting in care workers changing to jobs where there is less travel required and better pay and conditions.
- Unattractive pay and conditions - unsociable hours, travel, lone working, weekend working, low rates of pay, non-salaried posts and zero-hour contracts are all issues which significantly limit the attractiveness of a career in this sector. Providers will need to work as a collective to develop solutions to this and increase number of applicants for vacant roles.

Section 2: Assessment of the impact of future market changes between now and October 2025, (including funding reform) over the next 1-3 years, for each of the service markets.

The overall impact of future market changes over the next 1-3 years are as follows:

Extended Means Test

The extended means test and changes to capital thresholds, although now delayed to October 2025,will increase the number of people eligible for local authority funding. For those who are currently self-funding their care, local authorities will still be obliged to consider value for money together with care and support needs, which means that not all people will have a personal budget that matches the cost of care they are currently paying. This means that providers who rely heavily on self-funder income will see their revenues fall. More importantly, the changes to capital thresholds are unfunded. This will leave local authorities unable to pay the cost of care, which will lead to widespread provider failures.

Self-Funders accessing LA contracts

Home Care providers advise that the service they offer to self-funders is very different to that which the Council commissions and includes a wider range of services than would be identified as a part of a Care Act assessment (e.g. housekeeping and shopping).

Some care home providers also advise that they have a business model which assumes a high proportion of self-funders, and this is reflected in the design and range of services offered, which are tailored to meet the individual customer requirements, this would not be an offer they would be able to make to placements sourced by the Council.

The Care Cap

The Care Cap is not anticipated to have any material impact during the next three years due to the delay on the implementation of the reforms to October 2025.

Cost of Care Exercise

The intention of the Cost of Care (CoC) exercise was to establish the actual costs of care providers were facing and enable authorities to financially plan, over a period of time, to match fees paid to actual costs. This was based on the assumption that the National Insurance Levy would fully fund any increased cost and local authorities would move towards a set of standard fees (based on the median of returns). This would mean the price the Council paid for some placements would increase whilst others would decrease.

Guidance from DHSC has clarified the position that the CoC is one of the pieces of information the Council considers when reviewing fees rather than the primary source.

"the outcome of the cost of care exercise is not therefore intended to be a replacement for the fee setting element of local authority commissioning processes or individual contract negotiation"

Department of Health and Social Care 25/08/2022

Staffordshire's CoC for home care has resulted in median hourly fee of £23.32 (not including inflation for 2022/23) compared to current standard fee of £20 per hour, an increase of 16.6%. If the Council were to immediately implement this, it would cost at extra £8.6m annually for existing clients only with further increases as the number of clients grows – and even further increases as a result of the extended means test.

As Staffordshire currently matches Direct Payment fees to the contracted fees for home care this would have an additional financial impact of £1.8m annually, a total direct additional cost of £10.4m.

The impact of any uplift on the home care sector must also be considered for other care markets delivering community care e.g. day care, extra care and supported living as well as direct payments for personal assistants. Applying the same uplift to these services would have an additional financial impact of £8m annually, a total direct additional cost of £18.4m.

The equivalent CoC data for care homes has resulted in median costs for all categories of care which far exceed the average cost of new placements made since April. The Council does not consider the outcome of the cost of care exercise for care homes to be representative for the following reasons:

- Low rate of return from providers – overall 29% of contracted care homes split as follows; 41 residential and 29 nursing
- Providers who submitted returns account for 24% of the beds the Council commissions.
- The Council does not have set fees for care home placement and has not had these for some years. Therefore, a greater correlation would be expected between the median fees and the average cost of new placements since April 2022, as these are prices submitted by the market. The variance for the four categories of care from the average cost of new placements is 30% for residential care both standard and enhanced, and 49% for standard nursing and 10% for enhanced nursing.
- The self-funding population in care homes is estimated at 35%
- A number of providers have recently submitted tenders to the Council for which bed prices do not correlate with their own cost of care return, being significantly lower.

If the CoC median for care homes was to be implemented, it would require approximately £33m of funding for existing placements. The conclusion is that either providers have been unable to disaggregate other costs (e.g. NHS costs for NHS funded residents) or have completed returns with a desired bed price rather than an actual cost of care.

The Council must balance value for money and affordability against its statutory duty to meet assessed care needs, keep people safe and improve the quality of care. The Council has considered and had regard for the CoC output as part of its annual fee review process and will continue to do so. But will also take into consideration other factors such as the average cost of new placements over a rolling 6-month period, the actual cost of care of the Council's LATC and other market intelligence, and the amount of funding available.

Wider Market Considerations

Staffordshire makes a number of placements in care homes that are out of County, approximately 16% of current older people placements. Some of these are in care homes which are over our borders and consideration will need to be given to how we work together with these local authorities to ensure sustainability of markets. Our current approach is that the outcome of the annual fee review is applied to these placements automatically. If a care home advises this is different to that awarded by the host local authority this is reviewed on a case-by-case basis.

The NHS is a significant purchaser within the nursing home sector in Staffordshire. This is for long term care for people who are eligible for Continuing Health Care (CHC) funding and for short term discharge to assess beds to support flow from acute trusts. The medians from CoC for care homes are several hundreds of pounds higher than CHC fees.

In home care, across North Staffordshire there are opportunities and risks arising from a mobile workforce which crosses the boundary between the county and the City of Stoke-on-Trent. As part of this year's fee review process Staffordshire and Stoke on Trent aligned the hourly fee paid for home care to £20 per hour in an effort to stabilise supply in these areas and has aligned 23/24 fee uplift to that offered by the Council. There are opportunities to further explore aligned commissioning arrangements to create more sustainable runs for home care providers across both areas. This may support a reduction in unmet need and supply challenges in areas such as Newcastle-under-Lyme, Kidsgrove and Biddulph.

Section 3: Plans to reach the market to address sustainability issues identified, including how fair cost of care funding will be used to address these issues over the next 1-3 years. including fee rate issues, where identified.

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a) 65+ care homes market

The immediate sustainability issues outlined in section 1 which present a risk to supply:

1. Availability of dementia nursing provision at an acceptable quality and an affordable price
2. Workforce recruitment and retention including nurses;
3. Financial viability in the context of inflationary pressures; and
4. Quality.

A longer-term risk will arise from the impact of adult social care reforms particularly if large numbers of self-funders do ask the Council to arrange their care through our contract arrangements.

The Council is approaching these risks with a series of strategic programmes of work which will be delivered over the next 1-3 years.

- Sufficiency in supply of dementia nursing care. The Council is exploring options to increase supply by enhancing and improving our quality support to nursing homes which have the capacity to improve and exploring the potential to intervene in the market by developing new nursing homes using the Council’s capital assets of land and buildings, working in partnership with a nursing provider to deliver the care.
- Recruitment and retention. The Council and partners across Staffordshire have developed and agreed a workforce strategy to improve capacity within the care workforce. This aims to improve retention, recruitment, and resilience through a variety of interventions including developing a care academy, valuing and recognising the role of care workers, improving recruitment practice and promoting the sector within employment pathways.
- Increasing the number of qualified nursing staff. In this financial year, working collaboratively with Health Education England, Staffordshire University and the NHS, an additional ten Student Nursing Associates will be supported within the social care sector.
- Strengthening the financial position of providers. The outcome of the CoC exercise for care homes is significantly different to the costs submitted by homes responding to tenders and some further work in required to understand this. However, it is apparent that all care homes are experiencing significant increases in cost owing to the current inflationary pressures. The Council is continuing to expand our block booked bed capacity across all 65+ care homes. Providers report this is welcome and is attractive to the sector as they are able to bid at a price that meets their costs and have guaranteed income for the period the contract is in place. The most recent tender has secured an additional 125 beds. The Council will be redesigning our commissioning process during 2023 to consider whether the current DPS arrangements are fit for the future. This will be undertaken with ongoing communication and engagement with the sector and with the voice of people with lived experience and their families and carers shaping the vision and outcomes.

- Technology. The Council is working with care homes to implement more technology and innovation to improve outcomes and efficiency, including 54 RITA systems for 43 dementia care homes (6 systems still to be deployed), and 100 Aquarate hydration monitoring systems, to be trailed in 4 older peoples care homes settings.
- Quality. The Council works collaboratively with both the CQC and the ICB to respond and mitigate, wherever possible, quality concerns within the care home sector.

Use of Market Sustainability and Improvement Fund 2023/24

The Council received an allocation of £8.3m of which £2.4m was committed recurrently by the 2022/23 fee review leaving a balance of £5.9m. This has been fully committed within the 2023/24 fee review. The total recurrent cost of the fee review, across all care sectors, for 2023/24 is £19.5m.

The cost of fee review for the Residential and Nursing Care sector (all adults) for 2023/24 is £9.679m.

The Council has ensured parity across all sectors and applied the outcome of the fee review process to the working age care home market which is not addressed in this market sustainability plan nor the funding allocations the Council has received.

b) 18+ domiciliary care market

The immediate sustainability issues outlined in section 1 which present a risk to supply:

1. Workforce recruitment and retention;
2. Financial viability in the context of inflationary pressures; and
3. Capacity especially in the North Staffordshire area.

The Council is approaching these risks with a series of strategic programmes of work which will be delivered over the next 1-3 years.

- Recruitment and retention. The Council and partners across Staffordshire have developed and agreed a workforce strategy to improve capacity within the care workforce. This aims to improve retention, recruitment and resilience through a variety of interventions including developing a care academy, valuing and recognising the role of care workers, improving recruitment practice and promoting the sector within employment pathways. This is in addition to the additional £2.25m awarded as a recruitment and retention premium as a part of the fee review process 2022-24
- Career pathway. Work is ongoing with providers to design a career pathway for care which includes opportunities for career development, training and better pay and conditions. We have already moved the basis of payment to commissioned hours rather than delivered, which has provided an estimated 10%

benefit to providers. The challenge we have set providers is to convert that benefit into improved employment offers, initiatives introduced include guaranteed shift payments, a basic rate of pay better than National Minimum Wage and increased mileage rates.

- Fee increases. Most of home care providers costs directly relate to staffing, with a much smaller percentage being overheads and premises compared to care home providers. The sector has experienced an increase in costs however, the greatest impact has been on staffing, with staff leaving the sector to work in other industries which offer better rates of pay. The Council awarded a 12% uplift in April 2022 and a further 9% in April 2023 through the annual fee review process to enable providers to offer better pay and conditions.
- Capacity. The deficit in supply in rural areas in the north of the county has been there for a number of years and is unlikely to be met by the independent sector market. The Council has developed a new in-house provider to deliver care in this area of the county. This service will also act as the Council's "provider of last resort" ensuring that no one is at risk of being without care and that flow out of discharge to assess services is maintained in hard to reach areas.
- Unmet Need. There has been a significant reduction in the level of unmet need of 95% since October 2022. This is as a result of a combination of the initiatives detailed in this report.
- Focus on enablement and reablement. The Council jointly commissions a "integrated" reablement service which is delivered by the NHS for people who have been admitted to hospital. The development of the new in-house service and a redesign of the reablement services offered by the Council's LATC provider will also offer a "step up" reablement offer to people who would benefit from enablement to increase independence and reduce demand on home care services.
- Creating a diverse market. The Council has already equalised the fee paid for direct payments with that for contracted home care and has a fee for Personal Assistants which covers the cost of employment and ensures that National Minimum Wage is covered. The market for Personal Assistants will continue to be developed to include developing a care navigation offer and increasing the availability of PAs.
- Technology. The Council is in the process of developing a strength-based approach which includes exploring the opportunities presented by new technology to enable people to remain independent for longer in their own homes. This includes investment in YourMeds technology to enable people to manage their medication independently and safely, future work will include developing a technology offer to reduce the need for face-to-face

care and make the best use of the available capacity in the home care sector.
- The Council is committed to ongoing communication and engagement with the sector and ensuring the voice of people with lived experience, and their families are carers shape the vision and outcomes.

Use of Market Sustainability and Improvement Fund 2023/24

The Council received an allocation of £8.3m of which £2.4m was committed recurrently by the 2022/23 fee review leaving a balance of £5.9m. This has been fully committed within the 2023/24 fee review. The total recurrent cost of the fee review, across all care sectors, for 2023/24 is £19.5m.

The cost of fee review for the Home Care sector (all adults) for 2023/24 is £4.506m with a further £0.948m for people who commission their own care packages with a Direct Payment. Totalling £5.454m.