

## ADULT CARE AND HEALTH MARKET SUFFICIENCY STATEMENT

Report of the Locality Director (Care and Health), Devon County Council and NHS Devon CCG

Please note that the following recommendations are subject to consideration and determination by the Cabinet (and confirmation under the provisions of the Council's Constitution) before taking effect.

Recommendations:

1. That the financial risks associated with the impacts of Covid-19 on the adult social care market be noted and taken into account as part of budget preparation;
2. To endorse the actions being taken to tackle the market sufficiency issues; and
3. That the Market Position Statement be updated to reflect this report including the detail related to the relevant sectors.

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### 1. SUMMARY

- 1.1 The purpose of this report is to update Cabinet on the sufficiency of the adult care and health provider market in 2021. It identifies the most significant market sufficiency issues, including the impact of Covid-19, and outlines actions underway to support and develop the market.
- 1.2 Cabinet adopted the recommendations in the first annual Market Sufficiency Statement (ACH/20/126) on 9<sup>th</sup> September 2020 and there was a request for similar annual reports for each September.

### 2. MARKET SUFFICIENCY OVERVIEW

- 2.1 The adult care and health market is fragile and challenged due to the ongoing impacts of the Covid-19 pandemic and uncertainty linked to Brexit. Market issues that were present prior to the pandemic have been exacerbated and some risks may not be fully understood for many months.
- 2.2 There remains a strong partnership between the Council, the NHS and independent sector providers, which is critical to ensuring that the Council can continue to meet people's needs and fulfil its statutory duty to ensure a sufficient care market (Care Act 2014).
- 2.3 There are a range of immediate operational and long-term structural impacts on the sufficiency of the adult care and health market. These are summarised below, with a more detailed overview for each market sector in section 4.

## Business Resilience – providers facing long-term sustainability issues

- 2.4 Providers need to maintain enhanced Business Contingency Planning in the event of further Covid-19 surges/infection rates. Ongoing Infection Control procedures are costly and reduce the flexibility of the workforce. Whilst central government devolved £67m funding to support Devon provider markets during the pandemic, financial support from central government is diminishing and many additional costs remain.
- 2.5 There are indications from within the Devon market that some providers are now facing longer-term sustainability issues. Recent research by the National Audit Office suggests that significant numbers of large providers are not financially resilient. Around 39% of for-profit care home providers and 34% of for-profit care at home providers have liabilities which exceed their current assets. Some local providers report the lack of reviews of people's care needs over the last 18 months has impacted the cost of care. This creates a financial risk from backdated reviews and increasing need on future budgets.

## Workforce pay and conditions, and increasing vacancy rates

- 2.6 Adult Social Care is one of the biggest employers in Devon, directly employing 35,000 people. Whilst recruitment of Adult Social Care staff improved during 2020, it has now become very difficult, with heightened competition for labour across the wider economy. Turnover and vacancy rates (circa 7%) are high and increasing. 2,000 staff are needed across the Integrated Care System to close the gap.
- 2.7 Although the pandemic shone a spotlight on the NHS, adult social care is not well understood nor as valued by the public and this is a key reason for staff exits. Staff are also reporting 'burnout' and poor pay and conditions compared to competing industries. In September 2020, Cabinet asked for work to develop recommendations for national action for greater parity of pay and conditions.
- 2.8 The requirement for all staff working in Care Homes to be vaccinated presents a risk that some staff may leave, although recent guidance around exemptions is expected to mitigate that a little. 96% of care home staff have had the first vaccine and currently no homes are reporting risks to service delivery but we will need to monitor the impact for ongoing recruitment. Brexit and ongoing isolation requirements for travel have also had a significant impact with workers from abroad leaving Devon (and the UK).

## Increasing complexity of need, changing demands and fragile carers

- 2.9 Both the provider market and adult care and health practitioners are reporting increasing complexity of needs. This changing profile has an impact on the skills set and training requirements of the care workforce, along with the cost of care.
- 2.10 People in receipt of social care support are making different choices about how they receive their care. There is increasing demand for community and domiciliary services as fewer people opt for residential care. Many people do not wish to return to group-based day services. Whilst this is an opportunity to support people in new ways, including involvement of the voluntary and

community sector, this needs to be balanced with a fair and affordable price for care.

2.11 The ability of family/carers nationally and within Devon to continue to care for people has come under greater stress during the pandemic. Many unpaid carers feel unable to continue to support people without additional support. This is further increasing demand for services.

2.12 In light of the increased level of risk as a result of the pandemic, the adult care and health risk register relating to provider failure has been updated to the highest level. It has also been added to the corporate risk register.

### 3. ACTIONS TO ADDRESS MARKET SUFFICIENCY ISSUES

3.1 The vision within our joint housing strategy, *Healthy Lives, Vibrant Communities, Housing Choices 2020 -2025*, is for more people to live in their own homes and make informed and planned choices about where they live throughout their lives. The sufficiency of the provider market is viewed in this strategic context.

3.2 There are a number of short to medium term actions underway to support providers, summarised below. There are detailed project plans, with associated milestones and timeframes for each of these actions. Section 4 provides more detail on the issues relating to each sector of the market.

| Sector               | Key priority actions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Care Home            | <ul style="list-style-type: none"> <li>• Care home fee model review.</li> <li>• Develop specialist dementia and complex care solutions with partners.</li> <li>• Review capacity of care homes for people under 65 with complex needs.</li> </ul>                                                                                                                                                                                                                                                                                 |
| Personal care        | <ul style="list-style-type: none"> <li>• Further implement new models to meet care needs: for example more Personal Assistants to bring additional people into the labour market, use of Live in Care, and Home Share.</li> <li>• Consider incentives to the workforce to improve recruitment and retention.</li> <li>• Use agency staff from outside the county to backfill staff shortages over the short term.</li> <li>• Consider potential of a Teckal to support the market (a local authority trading company).</li> </ul> |
| Housing with Support | <ul style="list-style-type: none"> <li>• Develop a specification and pricing structure under a new contract</li> <li>• Stimulate targeted development of housing to increase range available and secure tenancy arrangements.</li> <li>• Develop short-term crisis support for people with complex needs to enable people to live in their community.</li> </ul>                                                                                                                                                                  |
| Day service          | <ul style="list-style-type: none"> <li>• Develop outreach hubs, use of private dwellings, and test new solutions learning from innovations developed in the pandemic</li> </ul>                                                                                                                                                                                                                                                                                                                                                   |

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Enabling                       | <ul style="list-style-type: none"> <li>• Improve market oversight and data for monitoring</li> <li>• New contracting arrangements</li> <li>• Support workforce recruitment and retention.</li> </ul>                                                                                                                                                                                                                                   |
| Replacement care               | <ul style="list-style-type: none"> <li>• Identify quick wins for carers support, based on need.</li> <li>• Develop commissioning strategy to achieve our ambitions.</li> </ul>                                                                                                                                                                                                                                                         |
| Workforce (LoveCare programme) | <ul style="list-style-type: none"> <li>• Immediate actions with the NHS are being developed to improve career pathways, recruit overseas nurses, develop a bank of temporary staff to help cover gaps.</li> <li>• Celebrate and value the workforce through Proud To Care (September) and our Appreciative Inquiry (December).</li> <li>• Develop an Integrated Workforce Strategy across the Integrated Care System (Oct).</li> </ul> |

3.3 Alongside these actions, the four key areas of development required to support the market over the longer-term are highlighted below. Workplans with associated timeframes are in place to deliver these key areas.

- Improve workforce recruitment/development through the LoveCare campaign
- Improve responses and solutions to people with more complex needs
- Work with providers and District Councils to increase the range of good quality homes across Devon
- Develop new and innovative models of service delivery.

#### 4. MARKET SUFFICIENCY BY SECTOR

4.1 The key risks and issues for each sector of the market are set out below.

##### Care Homes

4.2 Care homes have been significantly impacted by the pandemic. There were 163 outbreaks in the second Covid-19 wave across 38 settings. This had a significant impact on the supply of beds. Across Devon, the number of registered beds has fallen from 8,141 in June 2020 to 8,001 in June 2021. There are now 320 care homes (65 of which are with nursing), which is 11 fewer across the Devon County Council footprint.

4.3 The average cost per bed per week in July 2020 was £925 for nursing care and £805 for residential care. Average costs for July 2021 have increased to £984 for nursing care and £856 for residential care.

4.4 Continued risks and issues in this sector include:

- Significant challenges in recruiting and retaining staff and meeting the costs and implications of increased use of Personal Protective Equipment and infection control arrangements.
- For some providers, the pandemic has seen negative publicity for the care home provision which might impact on future business viability.

- The requirement for all staff working in Care Homes to be vaccinated presents an immediate risk that some staff may choose to leave rather than have the vaccine, and may impact on recruitment of new staff
- Seasonal pressures may be more intense, especially this winter, due to the combination of Covid and the usual flu season.
- Potential for more nursing homes to de-register nursing beds as they struggle to recruit and retain nursing staff.
- A skills shortfall in those working with people with complex needs and who need nursing care
- A risk of insufficient capacity if the market shrinks rapidly, but demand returns to pre-pandemic levels.

#### Regulated personal care

- 4.5 There is greater demand for personal care as a result of the pandemic and people wanting to remain in their own homes and receive care. In addition, there are increasing levels of complexity of need.
- 4.6 The volume of hours purchased by DCC over the last 4 years has fluctuated, as expected with this sector. Current volumes are broadly comparable to 2017, having dipped but increased again with the local focus on recruitment, retention and local terms and conditions. The numbers of hours purchased at specific dates are:

|        |        |
|--------|--------|
| 1/4/17 | 34,996 |
| 1/4/18 | 33,323 |
| 1/4/19 | 31,630 |
| 1/4/20 | 30,667 |
| 1/4/21 | 34,608 |
| 1/8/21 | 33,984 |

- 4.7 Continuing risks and issues in this sector include:
- People have had reservations about letting care workers into their homes during the pandemic.
  - The pandemic saw increasing numbers of staff join care providers, but as the hospitality industry and other sectors have re-opened, the number of care staff is reducing.
  - Issues remain around peoples' gender preference for carers, care worker transport and requests for care to be delivered at times of high demand.
  - Increasing number of personal care providers are registering to deliver replacement care instead, placing pressure on current personal care capacity.
  - Increased hand backs of packages of care in the last few weeks, where providers have been unable to provide the care.

#### Housing with support (Supported Living, Shared Lives, Extra Care Housing)

- 4.8 72 providers operate in this market, delivering support across 500 properties in the County Council's footprint. Over 2000 people are living in housing with commissioned support arrangements. There is limited flexibility within Supported Living, Extra Care Housing and Shared Lives schemes to meet

people's changing needs as they progress towards independence or as their independence reduces.

#### 4.9 Continuing risks and issues in this sector include:

- An emerging trend for providers to convert from formerly registered care homes to Supported Living provision, which is expected to continue.
- Strategic drivers for enhanced support in the community, reduction of out of county placements and reduced reliance on residential care.
- Difficulties in finding suitable accommodation for individuals with needs that mean they are unable to share or who may require a level of specialist adaption which the current housing stock does not meet.

#### Day Opportunities

4.10 Day Opportunities covers a wide range of different sized services, both DCC provided and externally commissioned arrangements. Some are traditional day centres that people travel to for group support and others also provide an 'outreach' model to help people access resources within their local community. Both models play an important role for carers: facilitating breaks that allow employment, education, and leisure activities to be maintained, as well as promoting wellbeing, preventing social isolation and developing skills for progression and independence.

4.11 Day Opportunities have been impacted by the pandemic because the model involves bringing people together to socialise, often indoors. There has been a loss of approximately 50 day services mainly in smaller, older person's provision and it is traditional large group day centres that have closed. People receiving day services fell from 745 pre-pandemic to 347 in January 2021. The effects of this are still impacting on providers and their families/carers and may be contributing to the increased demand for personal care.

4.12 Day services for adults of working age have largely adapted and found new ways to provide support. There is an opportunity to build on the innovative ways that people have been supported during the pandemic by bolstering and reshaping short-term enabling support in communities. A recent ADASS report on the impact of Covid19 on people with LD and/or autism recommends moving away from a heavy reliance on day centres and investing instead in a more diverse set of opportunities for enablement and independence in communities.

#### Enabling (unregulated)

4.13 Approximately 200 unregulated providers deliver support to over 2,200 people across Devon, increasingly supporting more complex people in the community.

4.14 The impact of the pandemic has seen a significant increase in the need for community enabling as other group-based services reduced or closed. Most enabling providers experienced a growth in their business and there were several new providers to the market. There is an opportunity to build on innovative ways of supporting people during the pandemic, responding to what people now want.

#### 4.15 Risks and issues in this sector include:

- Many of the adults who receive support are vulnerable to others taking advantage of them (e.g. County line gangs).
- Ability to access the community has been severely affected by the pandemic and further exacerbated by the increased risk from using public transport.
- Fast growth which has put systems/processes and financial health at risk.
- Provider failure has led to periods of unsourced care for some individuals.
- There is less regulation and oversight of this market.

#### Replacement care

4.16 Replacement care is any care arrangement designed to give rest or relief to unpaid carers. Replacement care can involve Day Services, care at home, short stay in a care home, Shared Lives, Holidays or short breaks and carers' emergency replacement care schemes.

4.17 The pandemic has had a number of impacts on unpaid carers including:

- 81% of unpaid carers are caring more intensively with less support.
- 80% of carers needing a break have been unable to during the pandemic.
- 35% of unpaid carers feel overwhelmed by their caring role.
- 75% of working and unpaid carers report they are exhausted and 55% feel overwhelmed by their caring role.
- Unpaid carers being stressed at work including DCC and NHS staff.
- Uncertainty of the impact on unpaid carers who have been furloughed. In 2018/19 the biennial survey showed that 43% of working age unpaid carers said they had to give up working because of their caring responsibilities.

### 5. CONSULTATIONS/REPRESENTATIONS/TECHNICAL DATA

5.1 People we support, their families/carers, providers and the general public are consulted separately where any significant changes to policy or service delivery are proposed or implemented. We continue to listen to people and their families/carers and actively involve them in planning and reviewing support.

### 6. FINANCIAL CONSIDERATIONS

6.1 There are significant risks of increased cost pressures (affecting providers and the Council) due to the challenges set out in this report, the most significant are shown below. It is difficult to predict the level of these cost pressures because the market is still in flux due to the pandemic impact.

- The ongoing response to Covid-19 has had significant cost implications, including Personal Protective Equipment (PPE) and infection control measures. Central Government funding runs out shortly.
- Covid-19 has impacted existing care home fees and the cessation of rates for hospital discharge into care homes will make this situation worse.

- The need to enhance pay and conditions of staff to reflect the reducing available workforce.
- Increasing acuity and complexity of need will increase care costs.
- Increase in the number of unpaid carers and their likely need for support.
- A number of providers are indicating concerns around viability which may lead to further providers exiting the market. This could lead to increased costs if there is a need to secure alternative placements at short notice.
- As a contingency measure, agencies are being used to support the market. This may need to continue for some time with associated higher pay rates.

## 7. LEGAL CONSIDERATIONS

- 7.1 The Market Position Statement is prepared as part of the Council's duty of market shaping under the Care Act 2014. This report on current sufficiency has been prepared to update the Market Position Statement.

## 8. ENVIRONMENTAL IMPACT CONSIDERATIONS (INCLUDING CLIMATE CHANGE)

- 8.1 We want people to lead meaningful lives within their communities. There are clear social and economic benefits in supporting all adults to live as independently as possible. Environmental impact considerations will be looked at through the detailed work from this sufficiency statement.
- 8.2 New solutions to supporting the workforce could have a positive impact on the environment, for example by improving access to electric vehicles and charging infrastructure for travelling staff.

## 9. EQUALITY CONSIDERATIONS

- 9.1 It is intended that our approach to addressing significant sufficiency challenges in the provider market will promote the equality of opportunity for people in Devon. We want people with health and care needs to have the same opportunities as everyone else and to lead meaningful lives in their communities. The risks highlighted in this report will have an impact on people with disabilities and older people with frailties.

## 10. RISK MANAGEMENT CONSIDERATIONS

- 10.1 This Sufficiency Assessment is key to our risk management of the provider market. It supports understanding of where people have difficulty receiving support because of a lack of good quality providers and enables mitigating actions to ensure a sufficient marketplace. This has been particularly important during the pandemic where significant risks have had to be managed. The key risks are set out in the report and have been added to the risk register for Adult Social Care.

## 11. PUBLIC HEALTH IMPACT

- 11.1 Public Health are taking forward actions developed across the wider Council to support people to live as independently as possible within their communities and to reduce health inequalities. Work to ensure a sufficient

market aligns with *Healthy and Happy Communities*, Devon's Joint Health and Wellbeing Strategy 2020 to 2025.

## 12. SUMMARY/CONCLUSIONS/REASONS FOR RECOMMENDATIONS

- 12.1 This Report combined with the Market Position Statement, provide information on the significant challenges faced in the market, along with actions to help address these challenges. These actions will support efforts to establish a vibrant market that meets the changing needs of the people of Devon and addresses the impact of the pandemic.

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Electoral Divisions: All

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LOCAL GOVERNMENT ACT 1972: LIST OF BACKGROUND PAPERS

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