

Fair cost of care

Annex C: Market sustainability plan

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Isle of Wight context

Located about two miles off the southern coast of England, the Isle of Wight boasts a unique combination of rural, coastal, and urban communities with its population of c. 145,789 registered residents (August 2022) spread across an area of 146.8 square miles. In addition to being a hotspot with tourists and festival goers, it has also become a popular destination for many people to retire who enjoy the many benefits an island life can offer. This has resulted in the Isle of Wight having one of the oldest populations in England with currently more than one in four people in the Isle of Wight being over 65 years of age. ONS (Office for National Statistics) data for projection of older people indicates that the percentage increase of older people on the Island by 2030 will be 26 per cent compared to 21 per cent in England. By 2025 population of people aged 65 and over will be 31.25 per cent of the total population of which 4.02 per cent will be people aged over 85.

In addition to the challenges of the demographic profile and geographical isolation, our residents often experience complex care needs. While needs vary across individuals and localities, the Isle of Wight is an outlier (i.e, higher than the England average (EA) in several areas. Of note, the prevalence of depression is significantly higher at a rate of 11.7 per cent compared with an EA of 1.4 per cent. Hypertension also had a noticeably higher prevalence of 18 per cent versus 13.9 per cent EA. The acuity and complexity witnessed in residents accessing services has also, in general exacerbated since the pandemic.

It has long been recognised that this unique set of circumstances creates a specific challenge for the Isle of Wight health and care services which must meet the needs of a variety of different communities, delivering care close to home while mitigating for geographical isolation and ensuring long-term sustainability of the adult social care system. A significant factor limiting system ability to meet this demand is a background of long-standing reduced workforce. Prior to the pandemic the social care system had been carrying vacancies which has only worsened since. Part of this workforce challenge has been driven by national workforce shortfalls which is exacerbated by geographical isolation of the Island limiting sharing of workforce across peer services or encouraging movement across boundaries. The Island also has limited public transport in some areas which can exacerbate issues for staff with early and late shift patterns accessing their workplace. Providers do find innovative solutions, using their own minibus for example, but this adds to cost pressures.

We are also aware of the demography of the adult social care workforce. Skills for care data (October 2022) estimates that the average age of a care worker is 44.6 years old and workers over the age of 55 years make up 28 per cent the adult social care workforce with only 11 per cent being under 25 years. Our consultation with providers has indicated that the Isle of Wight demography reflects an older workforce and we are currently not attracting younger people in to the adult care market which is a concern for both the care home and home care markets. Section 3 of this plan does highlight a pilot programme which will provide some mitigation in respect of the latter point.

The council has considered the impact of the delay in charging reforms and this indicates that the council will be considerably underfunded to be able to achieve the cost of care indicated by Island providers.

Section 1

Revised assessment of the current sustainability of local care market

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

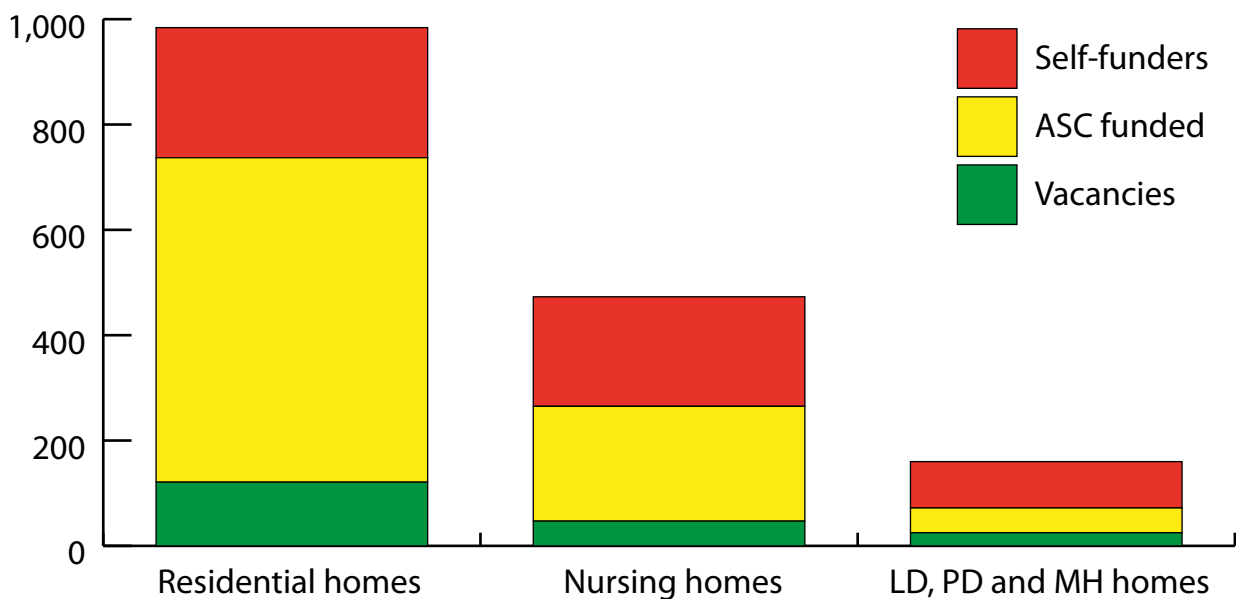
In response to the demographic profile, the Island therefore has a high proportion of care home provision. There are 38 residential care homes and 11 nursing care homes for older people. 12 of these homes have more than 40 beds, 34 have between 10 and 39 beds and three have less than 10 beds. Currently there are 1,478 beds for older people across these homes and the occupancy rate on an average is 96 per cent.

The Isle of Wight Council's commissioning strategy which is reflective of the high demand for care provision is to contract with all care homes on the Island. Of these homes, 45 are assessed as good by CQC (Care Quality Commission), 1 is Outstanding and 3 Require Improvement.

The homes for older people are spread across the Island and their distribution reflects the population of the Island with 32 per cent of care homes in the Northeast corner of the Island, 26 per cent in the central and north part of the Island, 26 per cent in the southeast and 13 per cent in the west Wight.

The Isle of Wight also has a significant self-funder market, and the table below shows the number of self-funders compared to ASC funded clients.

Snapshot of bed occupancy (February 2023)



As the table above indicates the percentages of self-funders, it also highlights the small proportion of vacancies in care homes on the Isle of Wight. It is worth noting that vacancy data that is received through the capacity tracker (as above) does not reflect the exact number of vacancies that can be used by the local authorities (LAs) as some rooms will be priced for self-funders, some may not be able to be used due to staff shortages and some may be not suitable for the individual that needs them, i.e people with complex needs.

Despite the significant provision on the Island, there continues to be a challenge in meeting the demand for care home placements. This is mainly because the Island is seeing an increasing number of people with dementia and complex needs who require 121 support in addition to 24 hours care received in a care home. As there is no dedicated older people mental health provision on the Island, the demand is coming across to adult social care. Secondly, the market conditions including workforce challenges across both the care home and home care provision impacts on timely flow of people from one setting to another. There are currently 59 people in short term placements for which either permanent placements are being sought or home care packages are being sourced to enable them to return home.

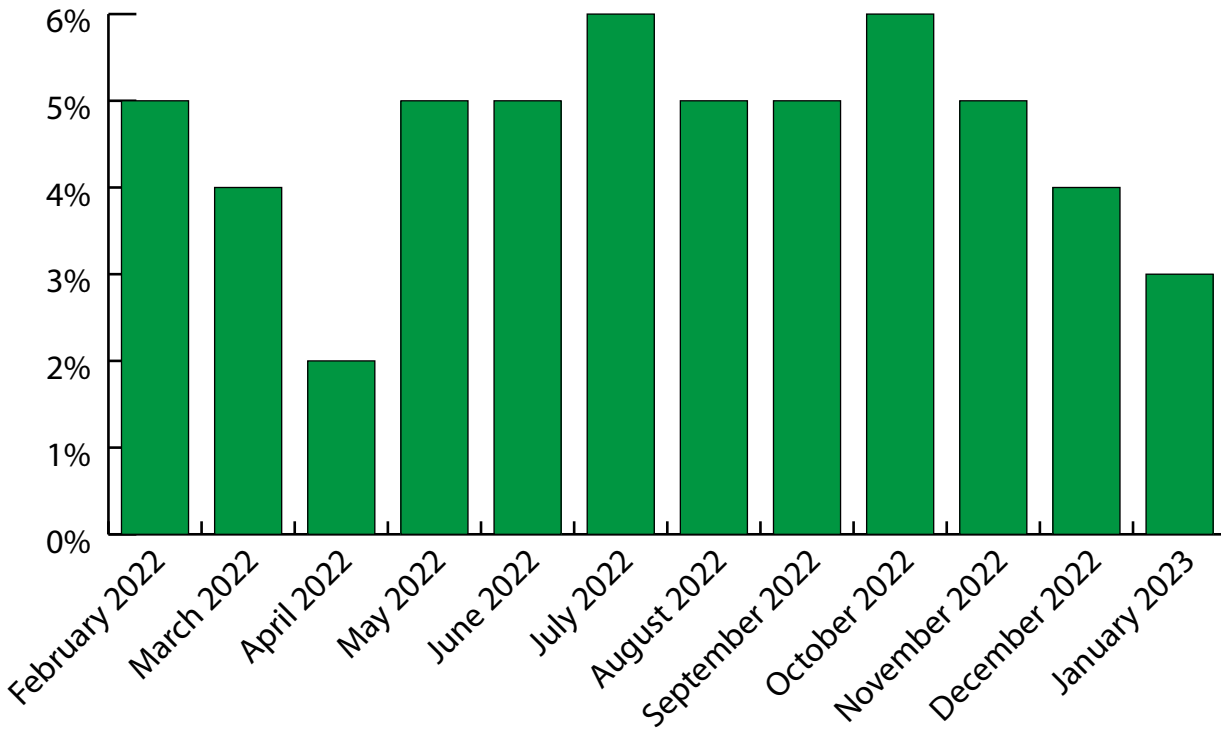
The current fee rates are set on care bandings that have been agreed in consultation with providers. There are three bandings low, medium, and high, with provision for a bespoke rate for people with additional needs. This has given an opportunity to the providers to have individualised costs. Engagement is undertaken with providers on an annual basis to set the inflationary uplifts. Over the last two years (2020 to 2021 and 2021 to 2022) an inflationary uplift of an average 4.85 per cent for residential care and 4.28 per cent for nursing care (excluding FNC) has been provided for. For 2022 to 2023 inflationary uplifts of 4.89 per cent for residential care and 4.22 per cent to nursing care (excluding FNC) has been offered taking into consideration inflation, and other rising costs including staff pay. The council acknowledges that the demand for complex and acute care has increased and correspondingly the costs for providers have also risen. We have seen an increase in complex care, and since April 2022 the average cost for care homes placements has increased by 2.48 per cent for residential care and 4.69 per cent for nursing care. This is in addition to the inflationary uplift provided in April 2022. For 2023 to 2024 the council has stretched its available budget taking into consideration the cost pressures that have been indicated. The council has offered an uplift of 7.41 per cent for residential care, and 6.52 per cent for nursing care.

The council is increasingly paying full top up costs at the self-funder rate for care homes which can be anything between £950 to £1,500 per week, this is an additional 43 per cent to 63 per cent above the standard contracted rates.

The Island faces an additional challenge because of the unique island location we cannot attract care work force across its borders. The expense of crossing the Solent is prohibitive to workers not living on the Island and there is a significant lack of rental market for people wishing to live here.

The table below shows the staff vacancy rate in care homes for the last 12 months:

Care home workforce vacancies (percentage of vacant posts)



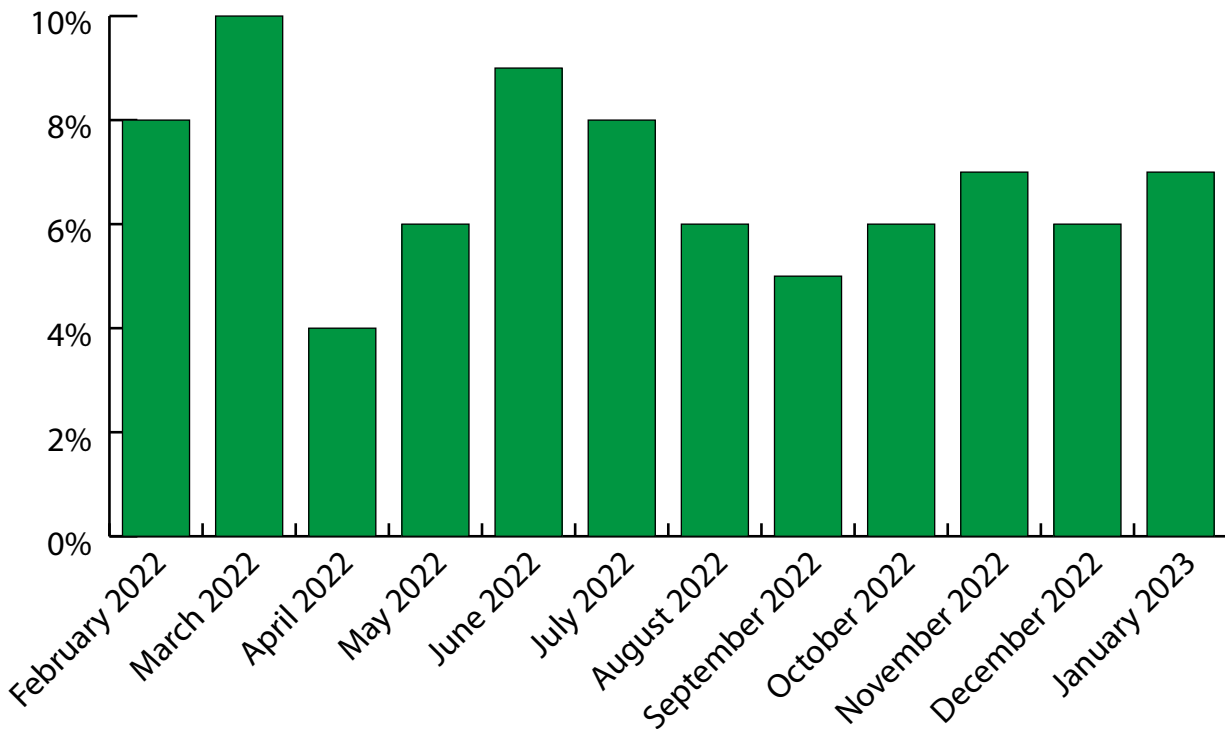
b) Assessment of current sustainability of the 18+ domiciliary care market

There are currently 31 home care providers on the Isle of Wight (24 in scope for fair cost of care). Of these 16 are rated as good by CQC, two are outstanding, five require improvement and one has yet to be inspected.

As with care homes, most care agencies are on the east side of the island (which reflects the population) but does leave some of the more rural parts of west Wight vulnerable. The council commissioned a prime provider model in 2021 in each of the three localities covering the Island. The three prime providers in turn subcontract with the remaining providers to provide care in their locality. We also spot purchase from specialist providers as the contracted providers cannot meet all demand and hence need additional capacity to support with urgent hospital discharges.

The home care market on the Island has experienced higher level of challenge in relation to staffing issues with recruitment and retention due to the nature of the role, travel requirements between calls and need to cover remote rural areas. The table below shows the staff vacancy rate in home care agencies for the last 12 months:

Home care workforce vacancies (percentage of vacant posts)



The majority of the home care providers are running with staff vacancies and there is limited capacity for new packages of care, particularly for people in certain rural areas and for those requiring double handed care.

The council commissions around 8,266 hours of home care and on an average, there is approximately 714 hours (nine per cent) of unallocated care on the Island in each week. In addition, in line with the council's care close to Home strategy we also have been developing our personal assistant (PA) market over the years. The use of PAs on the Island is good and the council has its own team who accredit and enrol PAs. Currently there are 234 PAs accredited on the PA Noticeboard and on an average 4,784 hours are delivered on a weekly basis.

The hourly rate for home care is £20.80 for 2022 to 2023 an increase of 5.69 per cent from 2021 to 2022. The hourly rate has been set following engagement with the providers taking into consideration increased staffing costs and other rising cost pressures. Our offer for 2023 to 2024, using the same method as for care homes will be an hourly rate of £22.40 which is an increase of 7.69 per cent

Section 2

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

As set out in the context, the Isle of Wight has higher than average older people population which will see an increase to 31.5 per cent by 2025. In addition, as we enter a recovery phase of COVID-19, we are seeing more people with complex and acute needs being supported in the community earlier than before where they used to be cared for in acute health settings. We are also seeing a considerable proportion of people with dementia and complex needs requiring support in care homes or at home with packages of care. That said there is a high throughput in care homes and since 2019 to 2020 our permanent care home placements remain near 880 each year with about 275 new permanent placements each year. The majority of these being people with dementia and complex support needs.

In line with our care close to home strategy there has been an increase in our home care provision by 34 per cent in 2021 to 2022 from 2018 to 2019. We expect this to be significantly increased over the next three years supported by a system wide workforce strategy.

We also expect that some of the lower end residential care homes over the next three years will either be remodelled into specialist dementia care homes or replaced by extra care sheltered schemes. In this calendar year there have been three home closures covering a total of 62 beds providing lower-level support needs.

Workforce recruitment and retention will be a key strategic risk as the demand for services will grow for the home care sector considering we already have current unmet need of over 700 hours per week. The Island has seen a drift from the care workforce to the hospitality and retail sectors as wages in local amenities have risen to above those being offered by the care market. There is a distinct lack of available housing on the Island. Housing when it is available is expensive to both rent and buy and is unlikely therefore to encourage workers to move to the island and is also a factor to take into account for providers considering costs associated with overseas recruitment.

For the care home sector, availability of adequately skilled staff to support people with dementia and complex needs will be a challenge across the health and social care services. Ensuring one-to-one support in addition to 24-hour care will put an additional burden on workforce availability.

We have closely engaged with providers during this exercise, to identify their concerns about future sustainability. Areas highlighted have been the affordability of energy costs purported to be a rise of 700 per cent, petrol costs impacting on the ability to deliver home care especially in more rural areas. Other factors include rising prices for food and other sundries and increases in insurance premiums with renewals in some cases increasing by over 11 per cent. Also building stock for care homes on the Island is in many cases outdated and will require significant investment from providers to maintain. Providers have highlighted to us their difficulty in securing financial investment for expansion and improvement due to reduced margins and the perceived instability within the sector.

Our provider market advised that they feel very insecure, margins are being squeezed, long term decisions are being put off. Their inference is that more beds will be closed and that while larger providers will have the capital to expand, smaller providers will be unable to compete and will exit the market.

Our consultation with providers has indicated the inflationary cost pressures they are experiencing as being: utilities, food, petrol, and insurance premiums which providers advise are further narrowing margins and limiting their opportunities for investment in services. We fully acknowledge the inflationary pressures providers are experiencing and this has been reflected in our fee review for 2023 to 2024, but note that current economic predictions indicate that inflation will reduce significantly over the coming months and we will monitor this situation

Care reform is expected to bring in additional workforce pressure for the council. According to the LaingBuisson report published for the County Councils Network in March 2022, there will be 600 Care Act assessments which will require additional 29 social workers and estimated 500 additional financial assessments which will require four officers.

The second most immediate strategic risk will be financial sustainability of the adult social care market.

The LaingBuisson report estimates the care reform impact for 2023 to 2024 to be £2.9m; for 2024 to 2025 to be £3m; and for 2025 to 2026 to be £3.1m, totalling £9m over the next three years.

This is in addition to the significant gap that will be created for the council to work towards meeting the fair cost of care.

The financial impact comes at a time when there are considerable operational challenges affecting adult social care. The health and care system has barely begun to recover from the impact of the pandemic and is dealing with increased complex and acute demand set against the backdrop of existing state of reduced resources over a decade for adult social care

The council sets its annual budget including one for adult social care. Given the past and existing budget deficit already facing the council, it is going to be impossible to meet the cost of care determined by this exercise from existing resources or alternative sources of income without a detrimental impact on existing social care services or challenging their own financial sustainability.

Therefore, without adequate additional resources from DHSC, the Isle of Wight is likely to face the possibility of provider failure and market exits, while destabilising the overall care market on the Island. This will adversely impact the council's ability to secure high quality care placements for those eligible for local authority assessed care, in addition to impacting the availability of enough provision for NHS continuing health care.

Section 3

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

Over the next three years the Isle of Wight Council will focus on addressing the issues detailed in section 2.

Workforce recruitment and retention challenge – The council is leading on a system wide workforce strategy including representation from our provider sector on the system workforce board. The strategy will include supporting providers with overseas recruitment, accommodation for staff, apprentice and traineeships, ensuring 20 qualified NVQ level 3 staff to be trained within in-house council services and who then can join the independent sector. We are launching a targeted islandwide recruitment campaign and dedicated free recruitment portal for all social care providers. We will be going into schools and colleges offering sessions promoting care as a career opportunity alongside our independent sector colleagues as well as working with DWP to attract new and younger cohort of people into the social care sector. Longer term plans will include growing our own, working with young people, structured career pathways for existing staff, identifying and establishing multi-disciplinary opportunities across health and care services.

We will be working with our integrated care board (ICB) colleagues to jointly develop dementia specialist provision. We will also aim to establish a joint funding arrangement for those residents who are being discharged into social care with higher acuity and complexity. This will enable additional funding for residents whose needs are beyond adult social care and thereby support providers with their increased costs on staffing and training.

We are reviewing our independent living strategy to align with our overarching care close to home strategy and over next three years develop two extra care sheltered schemes on the Island, supporting people in the community and enabling flow from the hospital and reducing pressure on residential care homes. The council will continue to leverage funding from government capital grants and invest in the sector.

We are supporting our providers to skill up staff in supporting people with dementia – through funding a structured highly specialist dementia training programme in the calendar year of 2023.

Working with Mountbatten Hospice, a provider rated by CQC as outstanding, we will be extending our raising standards initiative. This is a training and development course for registered managers covering - leadership, recruitment and retention, staff well-being, system resilience, community partnerships and quality of provision. Managers not only benefit from the course but through creating a manager support network and sharing of resources and other training. Since its inception we have seen those homes on the Island rated as good or outstanding rise from 63 per cent in 2018, to 96 per cent overall.

The market sustainability and fair cost of care fund awarded to the Isle of Wight has been deployed as specified in the grant guidance document. 75 per cent of the grant has been used to support the fee increase to care providers in 2022 to 2023 to take account of additional costs incurred including increased

inflation rates. 25 per cent of the grant has been held to support staffing costs in completing the fair cost of care exercise and market sustainability plan. Any balance of the grant remaining will be used to support the increased costs being experienced from care home placements as described in this report.

While the council will continue its on-going engagement with providers on the costs for care and reviewing the position regarding annual uplifts, unless there is additional funding made available from central government it will be unaffordable to meet the rates identified from this exercise.

Appendix

Datasets

Page 3 – Snapshot of bed occupancy (February 2023)

	Residential homes	Nursing homes	LD, PD and MH homes
Self-funders	247	208	88
ASC funded	616	218	47
Vacancies	121	47	25

Page 5 – Care home workforce vacancies (percentage of vacant posts)

February 2022	March 2022	April 2022	May 2022	June 2022	July 2022	August 2022	September 2022	October 2022	November 2022	December 2022	January 2023
5%	4%	2%	5%	5%	6%	5%	5%	6%	5%	4%	3%

Page 6 – Home care workforce vacancies (February 2023)

February 2022	March 2022	April 2022	May 2022	June 2022	July 2022	August 2022	September 2022	October 2022	November 2022	December 2022	January 2023
8%	10%	4%	6%	9%	8%	6%	5%	6%	7%	6%	7%