

Cabinet Meeting on Wednesday 16 September 2020

Strategic Review of the Older People Care Home Market in Staffordshire 2020



Cllr Johnny McMahon, Cabinet Member for Health, Care and Wellbeing said,

“Offering good-quality, affordable care that meets people’s assessed care needs is very important to us. Already, more than 2,000 older people are supported to manage their needs in a care home.

Like everything else, Covid-19 has had a profound impact on the care home market, so it is important we take a fresh look at our plans to ensure they address the ongoing challenges from the pandemic. We have to ensure the care home market remains sustainable, so people can access good quality,

affordable care when they need it.”

Report Summary:

Staffordshire County Council supports over 2,000 older people to manage their assessed eligible social care needs in a care home. We want to ensure that the care home market remains sustainable so that we can offer good quality and affordable care when people need it.

Covid-19 has had a profound impact on the care home market and the Council is reviewing and updating our strategic approach and plans to ensure that they address the ongoing challenges from the pandemic.

Recommendations

I recommend that Cabinet:

- a. Approves the extension of the duration of the current Dynamic Purchasing System and overarching agreement with providers until April 2022 and note the intention to provide a further report to Cabinet detailing the intended procurement for new contracts from April 2022;
- b. Agrees to pause the intended refurbishment of the Council owned site to provide 38 additional nursing beds within Staffordshire to allow further evaluation of the impact from Covid-19 and associated infection control requirements;
- c. Approves the continuation of the project to explore building two Council owned care homes to provide additional nursing capacity and review the intended design and delivery models to ensure that they are consistent with enhanced infection control requirements from Covid-19;

- d. Approves proceeding with the review and update of the long-term demand model for care homes placements, taking into account the impact of Covid-19 and the views of local communities to reflect the needs and expectations of current and future residents.

Local Members Interest
N/A

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Recommendations of the Cabinet Member for Health, Care and Wellbeing

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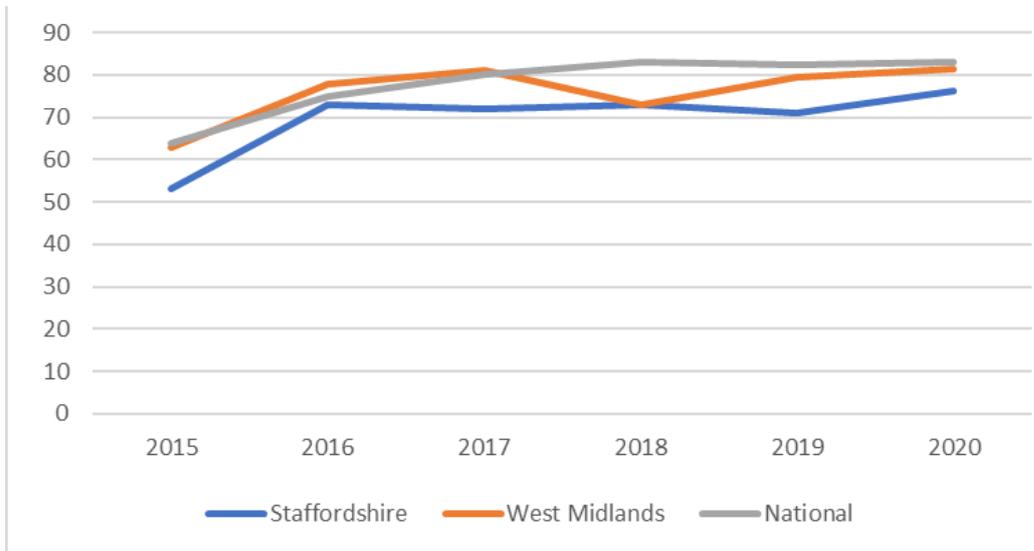
Report of the Director of Health and Care

Reasons for Recommendations:

Background

1. There are 242 registered care homes in Staffordshire with 7,478 beds. The numbers of homes and beds has been decreasing in recent years. Since December 2019, six Staffordshire care homes have closed resulting in a decrease of 107 beds.
2. Care homes are a regulated activity and all providers must be registered with, and inspected by, the Care Quality Commission (CQC). The CQC rates 76.1% of Staffordshire residential and nursing homes as 'good' or 'outstanding'. This is in comparison to a West Midlands figure of 77.6% and a national figure of 83.1%. There has been an improvement in quality in care homes in Staffordshire over the last 5 years. The quality of Staffordshire care homes remains lower than regional and national averages, but the gap has been reduced as shown in Figure 1.

Figure 1: Percentage of care homes rated CQC 'Good' or 'Outstanding'



3. The Council currently supports over 2,000 older people to meet their assessed eligible social care needs in a care home: 57% are in a residential home and 43% in a nursing home. 80% of Council funded placements are within Staffordshire with 20% outside the county where people have a need for care to be provided in another area – for example to support specialist care needs or to be closer to family. The remaining care home beds within Staffordshire beds are used by self-funders, the NHS, other local authorities, or are vacant.
4. The average duration of a Council funded placement for an older person is 103 weeks in residential care and 96 weeks in nursing care. The total duration of stay in a care home may be longer as a person may have different funding arrangements throughout the placement – for example they may start as self-funding and/or become eligible for NHS funding.
5. The Council's annual expenditure on care home placements for older people has been increasing: prior to March 2020 Council expenditure was increasing by 5% annually for residential care and 12% annually for nursing care.
6. Prior to Covid-19 the number of Council funded care home placements for older people had remained broadly stable, at around 2,650. The increasing expenditure was largely due to rising costs due to: increases in the national living wage; low vacancy rates at 9% in residential homes and 5% in nursing homes compared to a national average of around 10%; in particular a limited supply of nursing care, especially for care homes able to manage dementia needs; and the requirement to source placements quickly to support hospital discharges.

The Council's care home strategic approach and plans pre-Covid-19

7. The Council has a duty to meet the care needs of older people who are assessed as eligible for support under the Care Act 2014. If an eligible person is deemed to

have care needs that can no longer be managed in their own home or other community setting a care home placement is required.

8. The Council uses a Dynamic Purchasing System Agreement to source care home placements on an individual basis using the person's care and support needs as the specification for sourcing the placement at the time it is required. There are 163 care homes in county and a further 244 out of county contracted to provide care home placements for older people.
9. Staffordshire has an ageing population, and prior to Covid-19 the forecast was that the demand for care home placements would outstrip supply in some areas of the county, compounding the low vacancy rates and leading to further increases in costs. In April 2019 Cabinet agreed a plan with a series of actions intended to mitigate the rise in costs of residential and nursing care including:
 - a. **Quality control of social care assessments** to ensure that care home placements are only made where absolutely necessary and to ensure that assessed eligible needs are correctly identified. This has largely been achieved: enhanced quality assurance processes have been embedded within operational social care teams and pathways have been adjusted to include management approval of all assessments.
 - b. **Quality control of brokerage** to ensure that the most suitable care home placement is commissioned. This has largely been achieved: enhanced quality assurance processes and management overview have ensured that placements are sourced following required procedures.
 - c. Implementation of the **Choice of Accommodation and Cost-Effective Care Practice Guidance** to ensure that people have a choice of care home placement and to pay a top-up where their choice is not the most cost-effective placement. This has been partially achieved: revised social care practitioner guidance has been produced and distributed. Further work is required to ensure that this is embedded within every day working practices and reflected within the quality assurance and management approval processes.
 - d. The **Staffordshire Health and Care Integrated Provider Improvement Response Team (PIRT)** to support care homes to improve quality and reduce the numbers suspended to new admissions. This has been partially achieved: the support and intervention of PIRT has successfully supported a number of nursing care homes to improve quality and avoid regulatory action or closure.
 - e. **Commissioning of block booked capacity** of up to 200 nursing care home placements providing a cost-effective rate based on the level of assurance the contract provides to commissioned providers. This has been achieved: contracts are in place for 207 beds which are activated and paid for as required to meet demand. 96 beds have been activated so far of which 84 are currently filled.
 - f. **Increasing the number of contracted care homes in areas that border Staffordshire** to provide the Council with additional options for placements.

This has been partially achieved: new contracts are in place that can be used as and when homes are identified for placements.

- g. **Development of additional Council owned nursing home capacity** to provide up to 160 additional beds across up to three homes. This was approved in principal subject to full site-specific business cases, in Cabinet decisions of June and September 2019. At March 2020 the Council had:
- i. Advanced plans to refurbish the Hillfield site in Burton Upon Trent to mobilise 38 nursing home beds;
 - ii. Developed an outline business case and identified sites for two new Council owned nursing care homes, one in Stafford and one in South Staffordshire providing 120-200 additional care home placements; and
 - iii. Issued an intention to award a contract to a care provider who would provide care within the Council owned sites at a cost-effective rate.
- h. **Complete a Joint Strategic Care Home Review** in partnership with the Clinical Commissioning Groups and develop a joint action plan for managing the market across the Council and the NHS and the local authority. This has been partially achieved: the Review was completed and an action plan produced, however implementation has been delayed due to Covid-19.

Impact of Covid-19 on the Staffordshire care home market

10. Covid-19 has had a profound impact on the care home market. Over one half of all care homes have had a case or outbreak of Covid-19 and there have sadly been nearly 900 Covid-19 related deaths in care homes. Along with fewer admissions this has contributed to a reduction in the number of Council funded care home placements for older people, to around 2,300 currently. It has increased the vacancy rate, to nearly 20% overall across residential and nursing homes, and will inevitably result in increased overall costs. It is also likely to have affected the living environment and experience and there is a risk of a detrimental impact on residents' mental well-being.
11. The Council has supported care homes throughout the pandemic including with advice and guidance, supplies of personal protective equipment, infection control expertise and training and extra staff. Additional funding totalling £16.230m has been provided to the care market with 70% of this allocated to care homes. The Council has also distributed £8.9m from the national Infection Control Fund for Adult Social Care with £6.8m paid directly to care homes.
12. This has been sufficient to sustain the care home market thus far. The Council has not seen large numbers of care home indicating financial problems, although one care home has closed during the pandemic period. However, there remain a number of significant risks to the sustainability of the market as a consequence of decreased income and increased costs:
- a. **Decreased income** as care homes have higher vacancy rates. The duration of the current reduction in demand for placements is unknown but it is possible that it will persist to a degree for in the long term in the face of changing

perceptions about whether care homes are a desirable option in people's final years, as well as new technologies that allow people to remain in their own homes for longer. A national study undertaken by Laing and Buisson in 2018 identified that care homes would struggle to remain financially viable with overall occupancy levels much below 85%.

- b. **Loss of bed capacity** due to requirements for all residents to occupy single rooms. A number of care homes provide shared rooms which, although these can still be used by married couples, are no longer appropriate for most residents owing to increased requirements for infection control. There are a large number of care homes in Staffordshire that do not have en-suite toilet or bathroom facilities in all rooms, at the present time it is not known to what extent increased infection control requirements will affect these homes.
- c. **Increased operating costs** due to requirements for enhanced cleaning and personal protective equipment, as well as use of agency staff when substantive staff are required to self-isolate, and additional costs if care homes need to pay more to recruit and retain staff. In addition, Covid-19 has created additional requirements for regular testing of residents and staff as well as daily data returns to the Department of Health and Social Care through the 'Capacity Tracker'.
- d. **Other design changes required for infection control.** The layout of older care homes could make it difficult to socially distance residents and manage meal provision within dining areas and ensure social interaction and stimulation. It is not yet known what impact this may have on the financial viability of these homes.
- e. Requirements for **improved virtual communications and reliance on Wi-Fi.** Again, this may be more difficult in older care homes where technology has to be 'retrofitted' to the building.
- f. **Difficulties in securing insurance** due to the enhanced risks of operating a care home.

Review of the Council's care home strategic approach and plans

- 13. The majority of the Council's strategic approach remains relevant. The Council needs to undertake a procurement in order that we can continue to make placements where necessary after the Dynamic Purchasing System Agreement ends. It is possible that the long-term demand for care home placements for older people will be lower than pre-Covid-19 and there may be a greater risk that care homes become financially unviable. The Council needs to update long term estimates of demand, review development of additional Council owned nursing home capacity.

Re-procurement of care home contracts

- 14. The existing Dynamic Purchasing System Agreement is in place until September 2021. The recommendation is to extend this until April 2022 so that procurement

can be deferred until spring/summer 2021 to ensure that it does not take place whilst care homes are still managing the impact of Covid-19 over the winter. In order to develop and implement the new contractual arrangements the Council will engage with the market. A further report will be provided to Cabinet detailing the intended procurement for new contracts from April 2022.

15. The use of block booked beds within care homes has helped to mitigate the increasing cost of care home placements. As part of the procurement the Council will explore options to redesign the contract to maximise the use of block capacity and develop models for setting cost effective placement costs.

Estimates of demand for care home placements

16. Prior to Covid-19 the number of funded placements in Care Homes had remained broadly constant with around 110 placements ending and starting each month. During Covid-19 the demand for new Council funded placements has been much lower at around 40 each month (April to July 2020).
17. It is possible that the long-term demand for care home placements for older people will remain lower than before Covid-19, however there is considerable uncertainty at the moment. The Council is making fewer placements than prior to the pandemic, as above. However, a major contributor to this is that the NHS has been making placements under the national Covid-19 Hospital Discharge Pathway. Once this comes to an end the number of new placements made by the Council is likely to increase. Also, around 600 people in currently in NHS hospital discharge placements and around 40% are anticipated to require a Care Act assessment and may be eligible for a Council funded placement.
18. In order to update long term estimates of demand the Council will use data about the number of new Council funded care home placements over the winter. The Council will also seek the views of local communities about the extent to which their perceptions of care homes have changed as a result of Covid-19.

Development of additional Council owned nursing home capacity

19. The Council was intending to deliver up to 200 new beds across three care homes. The first phase of this would have been achieved through refurbishment of a Council owned site to provide 38 additional nursing beds. However, with an anticipated reduction in demand for care home placements and the limitations of this building the recommendation is that this is paused to allow further evaluation of the impact from Covid-19 and associated infection control requirements. This would include working with the selected care provider to:
 - a. Review potential demand for care home placements for older people in the relevant area of the county;
 - b. Review the compatibility of the current design proposal with infection control requirements;
 - c. If the current design proposal is not compatible determine whether a revised design proposal could be produced and the impact on bed capacity and cost; and

- d. Review and recalculate the business case accordingly and determine whether the development is still financially viable.
20. The build of two Council owned care homes to provide additional nursing capacity was approved subject to full site-specific business cases. The recommendation is that this project is continued and that potential demand and the intended design and delivery models are reviewed to ensure that they are consistent with revised estimates of demand and enhanced infection control requirements from Covid-19. These will be incorporated into the full business cases to determine whether the builds remain financially viable.

Approach to responding to care homes with sustainability concerns

21. The Council will engage with the care home market to understand their ability to respond to the current pressures and the need to ensure that buildings are fit for purpose whilst remaining financially viable. Whilst private companies have the responsibility to manage and maintain the financial viability of their businesses, the Council needs to plan for any issues which may occur as a result of Covid-19 to ensure that our statutory duty to safely meet the assessed eligible care needs of vulnerable people is met. The Council will be developing staff capacity and resources to ensure we can respond to issues arising within individual homes over the coming months.

Financial Implications

22. As a result of the Covid-19 pandemic, the number of Council funded residential and nursing home placements is significantly lower than anticipated, with the total number being almost 350 lower than at the end of the 2019/20. This has resulted in a reduction in forecast net expenditure of £4.8m in 2020/21.
23. Estimates of demand and operating costs in the longer term, and therefore of the total cost of Council funded placements, remain subject to considerable uncertainty. Updated long term estimates of demand as well as intelligence from the market about the impact of Covid-19 on operating costs will be used to remodel long term estimates of the cost of care home placements to the Council to inform the next iteration of the Medium Term Financial Strategy (MTFS).
24. Commissioning of block booked contracts and development of Council owned nursing home capacity is required to save £2.651m by 2024/25 compared to placements sourced through the DPS as a contribution to the Council's MTFS. The total projected savings for 2020/21 is £1.115m.

Legal Implications

25. The recommendations within this report will be implemented in accordance with the Council's internal Procurement Regulations and Financial Regulations and the Public Contract Regulations 2015. During the extension of the Dynamic Purchasing System and the overarching agreement with providers contracts will continue be awarded through the Dynamic Purchasing System. A further report

will be provided to Cabinet regarding the new procurement process for care home contracts to be awarded from April 2022.

Community Impact Assessment

26. A Community Impact Assessment has been completed and is attached to this report.

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