

Cabinet Meeting on Wednesday 16 February 2022

Business Case for Care Home Developments



Cllr Julia Jessel, Cabinet Member for Health and Care said,

"We are committed to ensuring that there is a supply of good quality nursing care which meets the future needs of the population, at an affordable price.

"The Covid-19 pandemic has had a huge impact on the county. Added to this, proposed government social care reforms will have a significant impact on the care home market. It is therefore only right we look again at our plans for nursing care in Staffordshire and ensure these are taken into account.

"By taking some extra time to review our plans, speak to residents and those directly involved in nursing care, we can ensure our plans are fit for the future."

Report Summary:

Cabinet previously agreed the principle of Council owned older people's nursing homes to provide additional nursing beds in Staffordshire and endorsed the development of a business case and exploration of sites to build extra nursing home capacity. Since then, the Covid pandemic has had a huge impact on care homes and there is a need to review the need for extra nursing home capacity as well as the potential location of homes.

Recommendations

I recommend that Cabinet:

- a. Approve officers to re-evaluate the recommendation to develop two Council owned care homes, with nursing, taking into account quality and sustainability of the current market in Staffordshire
- b. Approve officers to present a Business Case for Council owned care homes, with nursing, to Cabinet once the outcome of work is confirmed

Local Members Interest
N/A

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Business Case for Care Home Developments

Recommendations of the Cabinet Member for Health and Care

I recommend that Cabinet:

- a. Approve officers to re-evaluate the recommendation to develop two Council owned care homes, with nursing, taking into account quality and sustainability of the current market in Staffordshire
- b. Approve officers to present a Business Case for Council owned care homes, with nursing, to Cabinet once the outcome of work is confirmed

Report of the Director for Health and Care

Reasons for Recommendations:

Council Owned Older People's Nursing Homes

1. In June 2019 Cabinet agreed the principle of Council owned older people's nursing homes to provide additional nursing beds in Staffordshire, approved commencement of works on the Hillfield site in Burton Upon Trent to mobilise 38 nursing beds and endorsed the development of a business case and exploration of sites to build further Council owned nursing homes. This was to ensure a sustainable supply of good quality care at an affordable cost in the face of a higher than England average proportion of nursing homes falling outside of regulatory standards as well as rapidly rising prices.
2. By March 2020 the Council had advanced plans to refurbish the Hillfield site and developed an outline business case which indicated a need for two new Council owned nursing homes, one in Stafford and one in South Staffordshire, providing 120-200 additional beds.

Impact of Covid

3. Shortly afterwards the country was hit by the Covid pandemic, which has had a huge impact on care homes:
 - a. Demand for Council funded care home placements for older people fell from 2,600 pre-pandemic to 2,300 by summer 2021 and has now

- increased to 2,450. Providers have reported a similar reduction in demand for self-funded placements.
- b. Bed occupancy fell to 77% at September 2021 compared to the 85% on which providers typically base their planning and financial forecasting. This has now risen to 83% following a surge in demand over winter.
 - c. Standards of infection prevention and control are now more stringent, which affects estate requirements.
 - d. Costs have increased due to the above as well as the need for routine testing, isolation of infected staff, outbreak management and difficulties with workforce recruitment and retention. These have been met by non-recurrent funding from Government during 2020/21 and 2021/22.
4. The pandemic has created considerable uncertainty about future demand for Council funded placements. It has also created to uncertainty about prices: the upwards trend apparent in June 2019 has continued and there is a wide variation in prices, however it is not clear about the extent to which this is due to the effect of Covid or a longer-term phenomenon.
5. In September 2020 Cabinet reviewed the care home market and agreed to pause the intended refurbishment of the Hillfield site but continue to explore building two Council owned care homes to provide extra nursing capacity. In September 2021 Cabinet agree not to progress refurbishment of the Hillfield site as it could not meet enhanced infection prevention and control standards.

Adult Social Care Reforms

6. In December 2021 the Government published *People at the Heart of Care: adult social care reform white paper*, which has three main objectives:
- a. People have choice, control, and support to live independent lives;
 - b. People can access outstanding quality and tailored care and support; and
 - c. People find adult social care fair and accessible.
7. The White Paper includes a range of funding reforms: a cap of £86,000 on the costs that individuals pay for their care; increases in the capital assets that individuals are allowed to have before being eligible for local authority funding for their care; and an intention that all local authorities should set a 'Fair Cost of Care' that will be paid by the people that they funds and on behalf of self-funders. The Government has promised additional funding to meet the cost of these reforms, however it is not

yet clear whether this will be sufficient to meet the additional costs borne by local authorities.

8. The reforms will have a significant impact on the care home market. A greater proportion of income for care home will come from local authorities rather than private individuals. There is likely to be a move away from prices set by the market and towards standard prices for care. For the Council the reforms have created further uncertainty about future demand for Council funded placements and about price.

Business Case for Extra Nursing Home Capacity

9. Taken together, the pandemic and the adult social care reforms mean that the outline business case for two new Council owned nursing homes is no longer current. Key assumptions about future demand and prices will have to be revised to take into account new estimates. This work will take around 9 months, with a recommendation brought to Cabinet in autumn 2022. This will include engagement with citizens and stakeholders to ensure that the proposals take account of the needs of people and communities.
10. In the meantime the Council will continue to support the market to meet the ongoing challenges of the pandemic, as well as to improve quality. The Council's quality improvement approaches include:
 - a. **The Quality Assurance Team**, which monitors and supports contracted adult social care services.
 - b. **The Provider Improvement and Response Team**, which is a joint team with the Clinical Commissioning Groups in Staffordshire and includes nurses and other staff who work with care homes who require more intensive support.
 - c. **The Care Market Development Team**, which assists adult social care services in Staffordshire with staff recruitment, training and retention, as well as sharing good practice and examples of innovation, and supports the sector in developing its workforce
11. Where care homes are repeatedly identified by CQC as below regulatory standards and unable to demonstrate a capacity for sustained improvement despite support, the Council will consider whether it can continue to make new placements as well as moving residents where this is in their interests on a balance of risks.
12. The Council will also carry out a 'Fair Cost of Care' exercise to determine appropriate prices for care. In the interim the Council will develop guide prices to give a clear indication of the price it is prepared to pay for placements, and increase the number of block booked beds as a way of

standardising prices. The Council will also use the 2022/23 fee uplift to reduce variation in prices.

List of Background Documents/Appendices:

Development of Council Owned Older People's Nursing Homes
<https://moderngov.staffordshire.gov.uk/ieDecisionDetails.aspx?ID=1591>

Business Case for Council Owned New Build Care Homes with Nursing
<https://moderngov.staffordshire.gov.uk/ieDecisionDetails.aspx?ID=1654>

Strategic Review of the Care Home Market in Staffordshire 2021
<https://moderngov.staffordshire.gov.uk/ieDecisionDetails.aspx?ID=2129>

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