

Cabinet Meeting on Wednesday 14 December 2022

Review of Older People's Nursing Home Capacity and Demand



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

"Nursing homes are an essential service and support the most vulnerable people in our communities.

We need to ensure that the nursing home sector is sustainable so that people can access good quality affordable care when they need it.

The Council can consider how it can best use its assets to develop nursing care in areas where the capacity is insufficient or unaffordable."

Report Summary:

Staffordshire County Council (the Council) supports over 1000 people over the age of 65 to meet their assessed eligible care needs in a nursing home placement. This care is critical to ensuring that the people with the highest levels of need are supported safely and with dignity.

Since the Covid pandemic we have seen a reduction in the availability of nursing home beds of the right quality and at an affordable price, with more nursing home beds closing than are being developed.

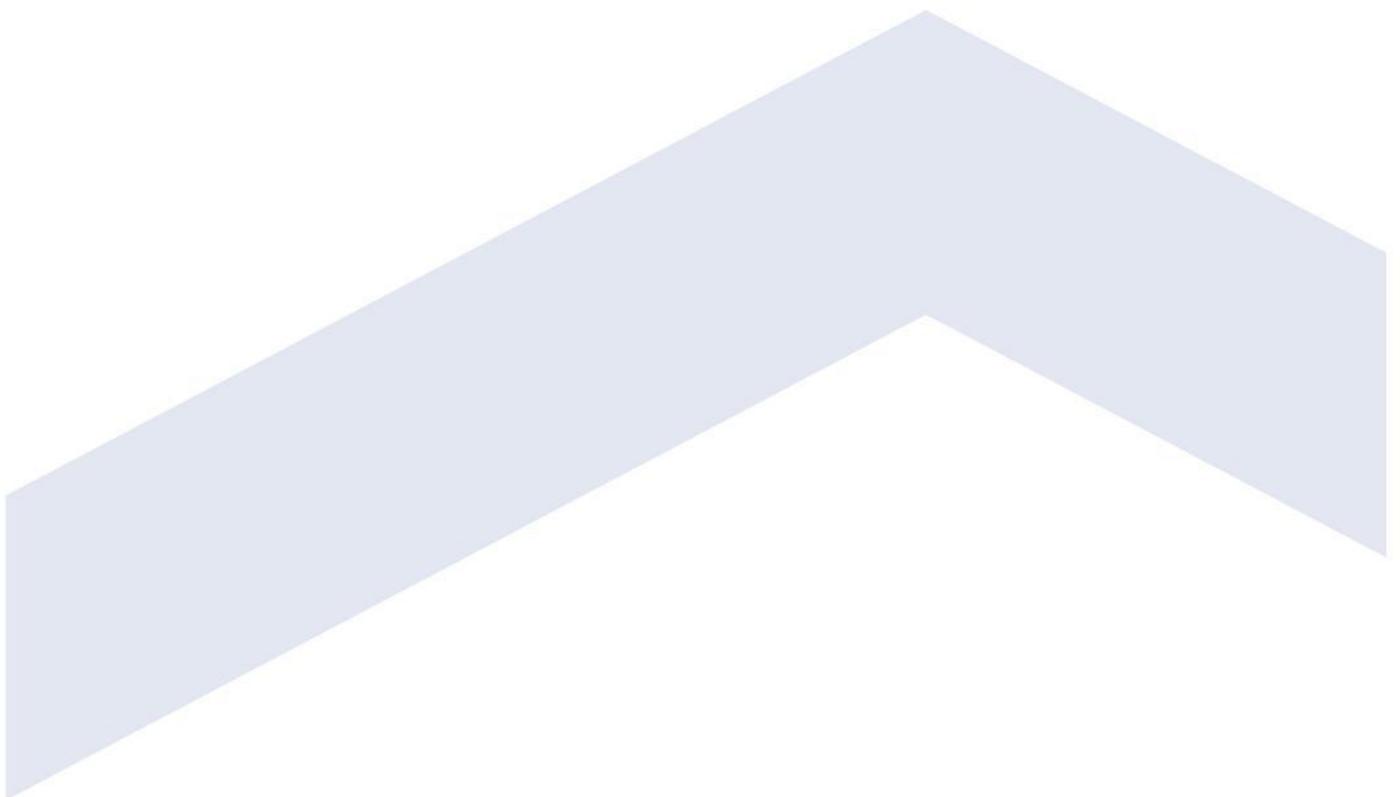
We need the nursing home market to be sustainable and to be able to meet the needs of Staffordshire residents. The conclusions and recommendations in this report are designed to increase capacity and ensure access to good quality and affordable nursing care home placements when they are needed.

Recommendations

I recommend that Cabinet:

- a. Note the current challenges and ongoing support to the nursing home market.

- b. Note the residual concerns about the sustainability of the nursing home market
- c. Approve in principle the development of Bracken House in Burntwood and Meadowyrthe in Tamworth into nursing homes, subject to a business case, and delegate the decision on this development to the Cabinet Member for Health and Care in consultation with the Director of Health and Care and the County Treasurer.
- d. Request that potential sites for new nursing homes be identified and business cases for development, including options for development and delivery, brought to a future Cabinet meeting.



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Recommendations of the Cabinet Member for Health and Care

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Local Member Interest: N/A

Report of the Director for Health and Care

Reasons for Recommendations:

Background

1. Cabinet last reviewed the care home market in September 2021, and at that time:
 - a. Recognised the role that care homes played during Covid-19 and the impact of the pandemic on the sector.
 - b. Noted and endorsed the Council’s overall strategic objectives and approach to commissioning care homes.
 - c. Agreed not to progress refurbishment of the Hillfield site, Burton-on-Trent, to provide additional nursing home capacity owing to the results of the structural and feasibility studies.
 - d. Approved implementation of guide prices for care home placements. Note that this was overtaken by the Government’s Adult Social Care

- reforms, which required Local Authorities to determine a Fair Cost of Care for care home placements.
- e. Approved extension and variation of the current dynamic purchasing system contract for care homes until than 31/03/2023. This was subsequently extended to 31/03/2024 by Cabinet on 21 September 2022.
 - f. Approved re-procurement of a new dynamic purchasing system for care homes with a revised service specification. This project will commence in 2023 once the Government's intentions for Adult Social Care Reform are clear.
 - g. Approve a phased increase in the number of block booked care home beds in accordance with demand.
 - h. Requested a review of the approach to contracting for complex residential and nursing home placements. This work is ongoing.
 - i. Noted opportunities to use technology and innovation to support care homes.
2. There are 186 care homes in Staffordshire with 6483 beds registered with the Care Quality Commission (CQC) to provide care to people over 65. Of these 89% contract with the Council and accept Council funded placements. The Council currently funds 2083 care home placements in county and a further 384 placements out of county for people over 65.
3. The Council's overall strategic objectives for commissioning care homes are to:
- a. **Improve the quality** of care homes in Staffordshire.
 - b. **Ensure timely access** to care home placements when required.
 - c. **Ensure affordability** of care home placements.
4. Rising demand in the wake of the Covid pandemic as well as difficulties with recruitment and retention and rising costs due to inflation are presenting challenges to the sustainability of the care home market. These are particularly serious for homes providing nursing care for older people and especially nursing care for older people with dementia.
5. This report considers current and projected capacity and demand as well as the challenges facing the market of nursing homes for people over 65. There is a risk that the quality, access and affordability of care cannot be maintained without intervention.

Nursing Home Capacity

6. There are 76 nursing homes in Staffordshire with 4351 beds registered with the CQC to provide nursing care for older people. Most of these homes also provide residential care. The market is a mix of large national, medium sized and small local providers. 25 nursing homes

have fewer than 45 beds, which is the minimum number of beds recommended by Laing & Buisson for a financially viable care home.

7. Staffordshire has relatively fewer total care home beds (residential and nursing) compared to similar local authorities and the England average, but a relatively higher number of nursing beds, as shown in Figure 1. However, the availability of affordable nursing care to meet the needs of people placed by the Council is reducing. New build nursing homes are charging fees at twice the price the Council can afford to pay.
8. Over the last few years there has been a reduction in nursing home capacity in Staffordshire, as shown in Figure 2. Four nursing homes have closed since April 2022. The districts with the lowest number of nursing beds compared to the size of their older population are Tamworth and Newcastle-under-Lyme, as shown in Table 1.
9. The Council commissions around 20% of nursing home capacity, around one third is purchased by private individuals who fund their own care, around one third is commissioned by the NHS or other local authorities, with 14% vacant. Vacant nursing beds include 250 that are out of use for a prolonged period due to insufficient staff, refurbishment, and the requirement for all residents to have single rooms in the wake of the Covid pandemic. The subset of nursing beds for older people with dementia is fully occupied.

Figure 1: residential and nursing capacity per 100,000 population over 65 [source [CQC](#): Local Authority – Staffordshire; comparators - local authority 'family' as set out by DHSC]

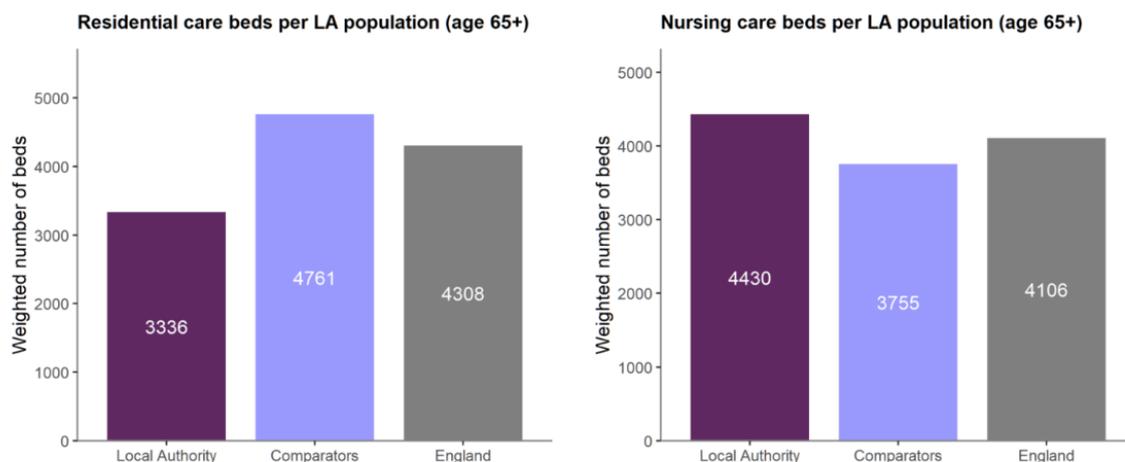


Figure 2: nursing home capacity in Staffordshire

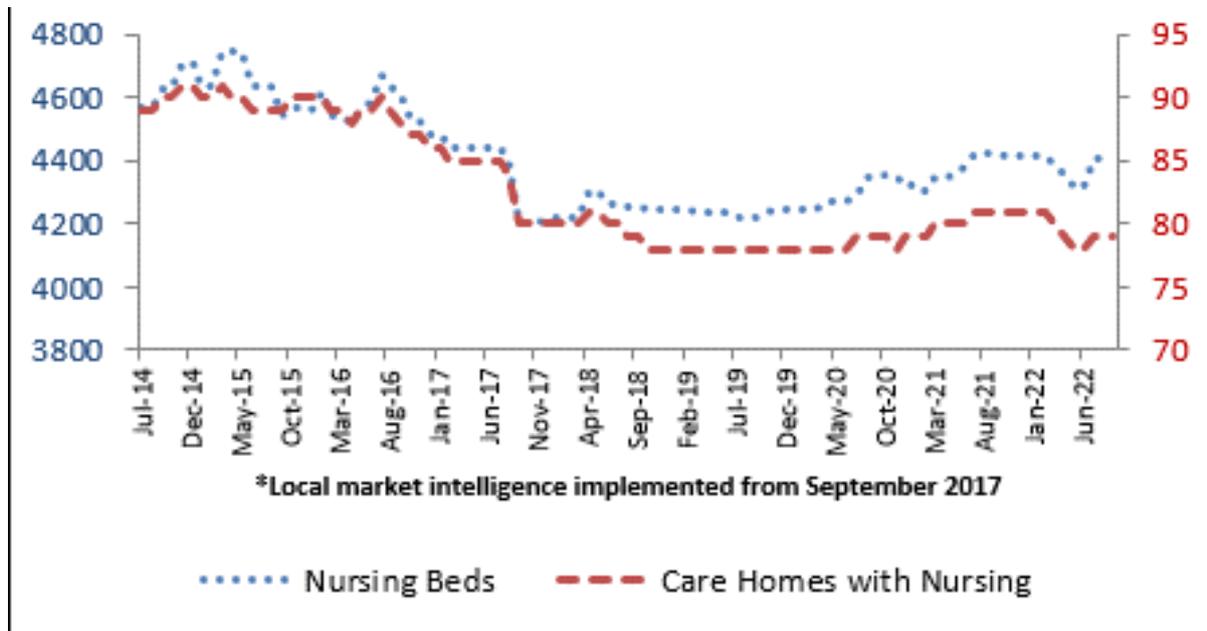


Table 1: nursing home capacity by district at October 2022

District	Number of nursing homes	Number of nursing beds	% of nursing homes with <45 beds	Number of nursing beds per 100,000 65+ population
Cannock Chase	9	467	18%	2379
East Staffordshire	11	522	30%	2230
Lichfield	10	656	10%	2587
Newcastle-under-Lyme	7	482	6%	1789
South Staffordshire	12	688	39%	2474
Stafford	14	820	7%	2632
Staffordshire Moorlands	11	590	26%	2355
Tamworth	2	126	33%	849
TOTAL	76	4351	21%	2241

10. In recent years nursing homes newly built by independent sector providers have tended to be in areas where they believe they can attract greater numbers of private customers. Fees have been significantly higher than planned within the Council's Medium Term Financial Strategy (MTFS). One nursing home has opened in 2022/23 with 89 beds and is charging at least £1900 per week.

11. Planning consent for new build care homes is managed through the district and borough councils. The planning regulations do not require that an application identifies whether the care home will be for nursing or residential care. Planning consent is awarded for three years; if a development has not started in that time the applicant has to reapply.
12. The Council is not routinely consulted about planning applications for new build care homes, although we are on occasion contacted by providers who are in the process of building a home. We are aware of two new build care homes pending, both in Stafford. The intention is to improve this process over the coming months and develop a more detailed understanding of planned new builds.

Nursing Home Demand

13. Demand for all new Council care home placements (residential and nursing) has been around the England average and decreasing relative to the growing older population over the last few years, as shown in Figure 3. For the most recent year for which data is available demand for new care home placements was just above the England average and similar to comparator local authorities once outliers are excluded, as shown in Figure 4. There is no indication that there are avoidable admissions to nursing homes that could be diverted, and no nursing home admissions are made unless the person meets the clinical criteria set by the NHS to receive Free Nursing Care (FNC).
14. Demand for new Council nursing home placements prior to the Covid pandemic was around 50-60 monthly. A similar number ended monthly so that the total number of Council nursing home placements remained broadly static over the period 2016-2020. During the Covid pandemic, fewer care home placements were made and a greater number ended, leading to a net reduction of care home placements.

Figure 3: new care home placements per 100,000 65+ population - Staffordshire (light dots) compared to England (black dots) [source: OHID]

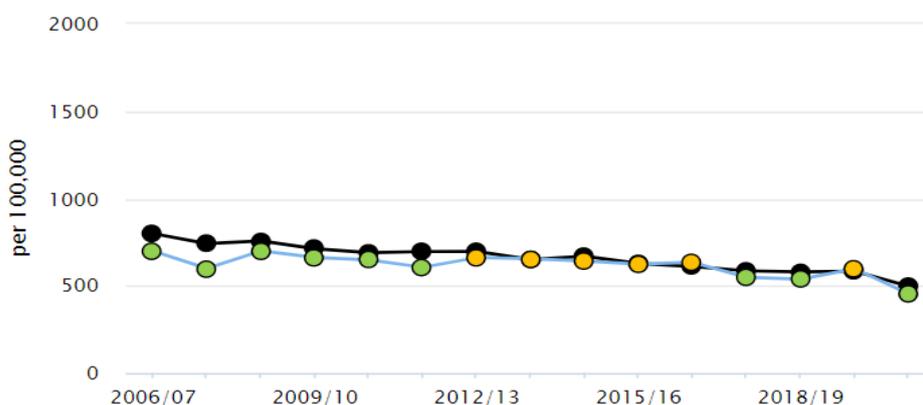
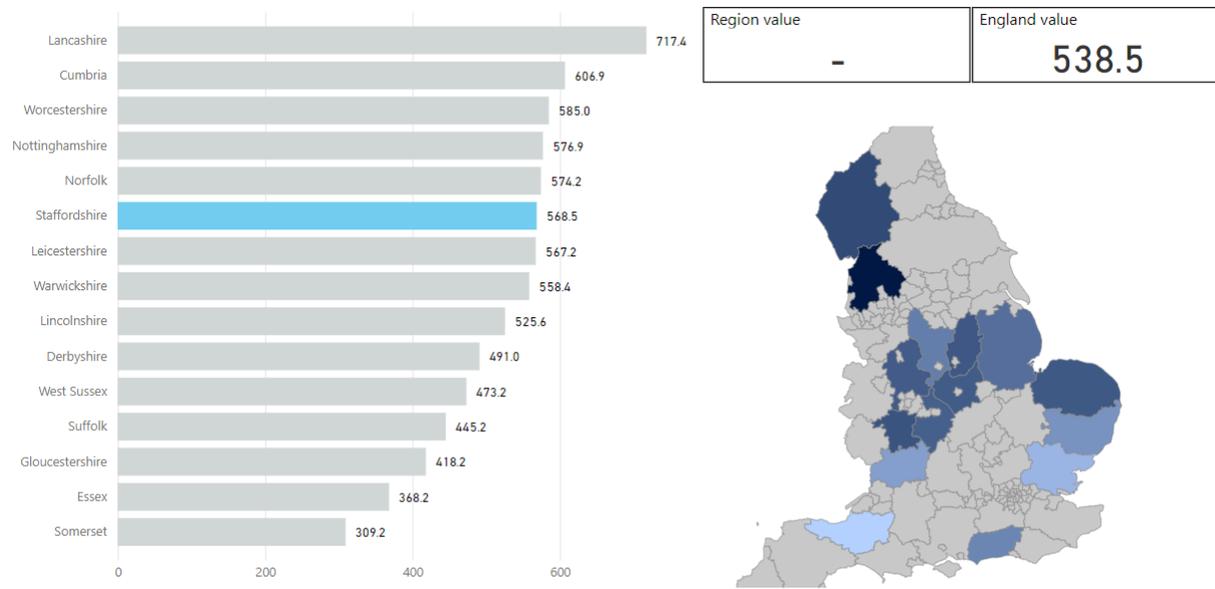


Figure 4: new care home placements per 100,000 65+ population 2021/22 [source: NHS Digital]



15. Demand for new nursing home placements remains below pre-pandemic level at around 40-50 monthly currently. At October 2022 the Council has a total of 1031 nursing home placements: 419 general nursing and 612 nursing with dementia, rates of 215.8 and 315.2 per 100,000 population, similar to the England average. The districts with the highest placement rates relative to their populations are Stafford and Cannock, as shown in Table 2.

Table 2: Council nursing home placements at October 2022

District	Total Council nursing home placements		Total Council nursing home placements per 100,000 65+ population	
	General nursing	Dementia nursing	General nursing	Dementia nursing
Cannock Chase	25	64	127.4	326.1
East Staffordshire	38	63	162.4	269.2
Lichfield	48	71	189.3	279.9
Newcastle-under-Lyme	35	67	129.9	248.6
South Staffordshire	51	51	183.4	183.4
Stafford	82	80	263.2	256.8
Staffordshire Moorlands	48	61	191.6	243.5
Tamworth	30	32	202.1	215.6
Out of County	62	123	N/A	N/A
Staffordshire	419	612	215.8	315.2

16. Recent trends in the total number of nursing home placements are shown in Figure 5 along with a projection of the anticipated future total number of placements. With a rising number of older people, the Council can expect to have 335 more placements by 2040. Unless nursing home capacity increases the Council will be commissioning a progressively greater proportion of the market by 2040, as shown in Tables 3a and 3b.

Figure 5: recent and projected total number of Council nursing home placements [Assumes number of Council placements per 100,000 65+ population remains constant at county average as in Table 2]

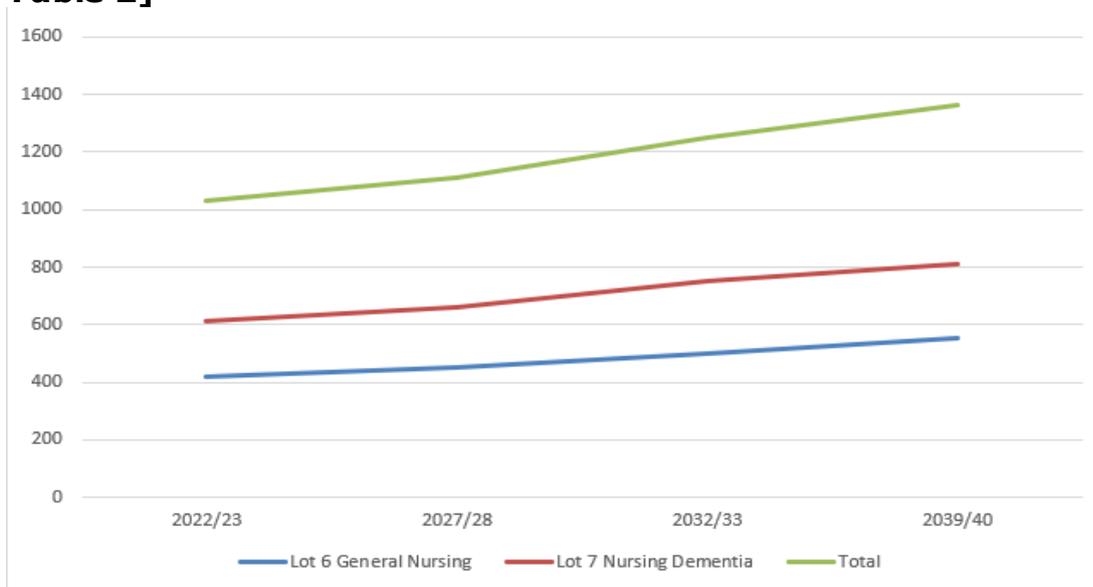


Table 3a: current and projected Council nursing home placements commissioned by Council [Assumes number of Council placements per 100,000 65+ population remains constant for each district as in Table 2]

District	Number of placements at October 2022		Anticipated future number of placements at 2040	
	General nursing	Dementia nursing	General nursing	Dementia nursing
Cannock Chase	25	64	35	90
East Staffordshire	38	63	55	91
Lichfield	48	71	59	87
Newcastle-under-Lyme	35	67	44	85
South Staffordshire	51	51	67	67
Stafford	82	80	113	110
Staffordshire Moorlands	48	61	60	76
Tamworth	30	32	39	41

Out of County	62	123	82	162
Staffordshire	419	612	555	811

Table 3b: current and projected market share commissioned by Council [Assumes capacity remains constant as in Table 1]

District	% of capacity commissioned by Council at October 2022	% of capacity commissioned by Council at 2040
Cannock Chase	19.1%	26.8%
East Staffordshire	19.3%	28.0%
Lichfield	18.1%	22.3%
Newcastle-under-Lyme	21.2%	26.8%
South Staffordshire	14.8%	19.5%
Stafford	19.8%	27.2%
Staffordshire Moorlands	18.5%	23.1%
Tamworth	49.2%	63.5%
Staffordshire	19.1%	26.8%

Quality

17.66% of nursing homes and 59% of nursing beds in Staffordshire are rated Good or Outstanding by the CQC. This is lower than the England averages of 76% of homes and 69% of beds. The districts with the lowest proportions of nursing beds meeting regulatory standards are Cannock Chase and Tamworth, as shown in Table 4.

Table 4: nursing home quality by district

District	Number of nursing homes	Number of nursing beds	% of nursing homes rated Good or Outstanding	% of nursing beds rated Good or Outstanding
Cannock Chase	9	467	44%	37%
East Staffordshire	11	522	64%	60%
Lichfield	10	656	70%	71%
Newcastle-under-Lyme	7	482	57%	70%
South Staffordshire	12	688	67%	77%
Stafford	14	820	57%	50%
Staffordshire Moorlands	11	590	55%	43%
Tamworth	2	126	50%	33%
TOTAL	76	4351	58%	55%

Access

18. The Council has two mechanisms for purchasing care from the independent sector:

- a. 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.
- b. 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.

19. There has been a significant increase in the amount of time required to source a nursing placement, with average sourcing times increasing from 3.8 to 11.8 days for general nursing, and from 4.9 to 16.2 days for dementia nursing since 2020/21. This is primarily as a result of a lack of capacity. The districts with the longest sourcing times currently are Lichfield and Staffordshire Moorlands, as shown in Table 5.

Table 5: sourcing times for placements

District	Average time to source placement (days) – general nursing	Average time to source placement (days) – dementia nursing
Cannock Chase	13.2	13
East Staffordshire	6.2	10
Lichfield	15.9	21.5
Newcastle-under-Lyme	9.4	19.5
South Staffordshire	11.8	10.6
Stafford	13.8	17.8
Staffordshire Moorlands	16.5	20.1
Tamworth	6.8	18
Out of County	N/A	N/A
Total	11.8	16.2

20. The impact of longer sourcing times can vary according to the circumstances relating to the need for a nursing home placement. This could lead to people remaining in residential care for longer when they have nursing needs that cannot be met in these homes, and people remaining at home and needing support from community health services whilst a placement is sourced.

Affordability

21. The average price of nursing home placements has increased by 4.4% since March 2020 in addition to the annual fee uplift applied each year. The districts with the highest average price of new placements are Newcastle-under-Lyme and Tamworth for general nursing, and Stafford and Tamworth for dementia nursing, as shown in Table 6.

Table 6: Average price of nursing placements (in county)

District	Average price of new placements since April 2022 (£ per week)		Average price of all current placements at October 2022 (£ per week)	
	General nursing	Dementia nursing	General nursing	Dementia nursing
Cannock Chase	694	1108	709	972
East Staffordshire	944	1041	814	1022
Lichfield	831	1006	694	862
Newcastle-under-Lyme	1008	969	883	968
South Staffordshire	710	1084	705	1071
Stafford	776	1248	762	1002
Staffordshire Moorlands	753	1051	710	871
Tamworth	991	1186	781	824
Staffordshire	838	1087	757	949

Key Challenges for the Nursing Home Market

22. The following are key challenges to the sustainability of the nursing home market:

- a. Recruitment and retention generally. Homes are finding it difficult to attract and retain staff who are committed and motivated to provide quality care.
- b. Recruitment and retention of registered managers. The average age of registered managers is over 55 years and there is limited succession planning currently.
- c. Recruitment and retention of nursing staff. There is a shortage of qualified nurses nationally and locally which has affected the quality of care in some homes and has led others to deregister to provide nursing care.
- d. Financial viability. Smaller homes find it difficult to generate sufficient revenue to offset increasing costs and this problem has been exacerbated by the rising cost of inflation.

- e. Quality. 35 nursing homes are being monitored through the Council's quality improvement processes, of which 9 are regarded as moderate to high risk. This could lead to further homes being suspended from accepting new placements.
- f. Adult social care reforms. A number of homes market their services wholly to self-funders. The impact of the Government's reforms is difficult to predict but could present a significant risk to these providers as they will lose private income that cannot be replaced by state income because the reforms are unfunded.

Actions Ongoing to Support Nursing Home Market

23. The Council is supporting nursing homes to address these challenges by:

- a. Recruitment and retention generally. The Council is developing a workforce strategy to improve capacity within the care workforce. The intention is to achieve this through a variety of interventions including developing a care apprentice academy, expanding the Council's employee benefits schemes to care workers, developing initiatives to help staff reduce the impact of the rising cost of living, and targeted recruitment initiatives.
- b. Recruitment and retention of nursing staff. The Council is working with Health Education England, Staffordshire University and the NHS, an additional ten Student Nursing Associates will be supported to work within the social care sector as part of their training.
- c. Financial viability. 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 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.
- d. Block booking. The Council now has block booked contracts in place for 128 residential and 239 nursing beds - 108 general nursing and 131 dementia nursing, with the distribution by district shown in Table 7. Providers have welcomed block booking as it gives them a guarantee of income for the period of the contract is in place.
- e. Quality. The Council has increased its capacity to support care homes to improve quality of the care, and in partnership with the NHS has developed a targeted resource to support nursing homes. Those homes that fall below the regulatory standards should be implementing a clear plan to improve. Where care homes are repeatedly identified by CQC as requiring improvement, and unable to demonstrate a capacity for sustained improvement despite advice and assistance, the Council will consider whether it can continue to

make new placements and also consider supporting a move of residents, where this is in their interests on a balance of risks.

- f. Technology. The Council is working with care homes to implement innovation and technology to improve outcomes and efficiency, these include 54 RITA systems and 100 Aquarate hydration monitoring systems.

Table 7: block booked nursing beds

District	General nursing beds	Dementia nursing beds	General nursing beds secured in latest tender (included in second column)	Dementia nursing beds secured in latest tender (included in third column)	Total Beds Contracted
Cannock Chase	14	17	5	0	31
East Staffordshire	10	21	0	3	31
Lichfield	8	6	5	0	14
Newcastle-under-Lyme	0	20	0	0	20
South Staffordshire	40	20	0	0	60
Stafford	24	19	3	0	43
Staffordshire Moorlands	7	13	6	1	20
Tamworth	0	0	0	0	0
Out of County (Borders Staffordshire)	5	15	5	0	20
Total	108	131	24	4	239

Further Intervention to Ensure Sustainability of Nursing Home Market

24. Despite these ongoing actions a number of trends suggest that there are residuals risks to the quality, access and affordability of care:

- a. Relatively high proportion of homes below regulatory standards.
- b. Increasing time to source placements.
- c. Increasing prices for new placements.

25. Appendix 1 shows the level of risk to sustainability of the nursing home market based on the variables below. The highest risk appears to be in Tamworth, followed by Newcastle-under-Lyme, Stafford and Staffordshire Moorlands.

26. Without intervention the sustainability of the nursing home market cannot be guaranteed. The proposal therefore is for the Council to develop options for additional nursing home capacity targeted to those

areas of the county where the risks to the sustainability of the market are greatest.

27. The Council would use its capital assets of building and land to develop sites either by itself or in partnership, and lease these to a care provider(s) to operate services. The care provider could be an independent or local authority trading company, potentially in partnership with the NHS to provide the nursing input.
28. This would enable the Council to secure additional capacity, with control over availability of placements, and at competitive and predictable prices. The Council is prohibited from delivering nursing care as an in-house service. Commitments of capital assets should be distinct from the contract with the care provider so that the care provider could be easily replaced in the event that their service were unsatisfactory.
29. There would be two phases:
 - a. Phase 1: Developing the two residential care homes owned by the Council and currently operated by Nexxus Cares, Meadowyrthe in Tamworth and Bracken House in Burntwood, into nursing homes, to include dementia nursing care. Nexxus Cares would provide the nursing care either directly or in partnership with the NHS. This would address the immediate issues in Tamworth and avert escalation of issues in Cannock and Lichfield. It would require some capital expenditure to refurbish the sites suitable for nursing care, and the expectation is that a business case would demonstrate that this would yield net savings longer term compared to the price of new placements in the market. There may be potential to extend Meadowyrthe to increase the number of beds, and this will be included as an option in the business case.
 - b. Phase 2: Building new nursing homes. This would require identification and development of suitable sites, and appointment of an appropriate care or development partner(s). It would require significant capital expenditure and would be dependent on a business case to demonstrate that this would yield net savings longer term compared to the price of new placements in the market.
30. If development of Meadowyrthe and Bracken House is approved then the main steps required for mobilisation as nursing homes are completion of refurbishment, recruiting nurses and CQC registration. Subsequently the expectation would be for a transition from residential to nursing care over time as current placements end or current residents develop higher levels of need.

31. Other options considered for further intervention and discounted are:

- a. Increasing prices. The Council's Medium Term Financial Strategy (MTFS) is based on an assumption that price rises are constrained within the annual fee uplift award. This is currently being exceeded by 4.4% and has not led to additional capacity. Further price rises are unaffordable.
- b. Contracting with nursing homes that border Staffordshire. This option has been tried and has resulted in some additional capacity, however the poor response to the latest tender for block booked beds suggests that this capacity has been exhausted.
- c. Reducing the need for nursing care through more support for people at home. The Council continues to invest in home care; however the market has its own recruitment and retention challenges and is unlikely to be able to significantly increase capacity – especially to look after people with nursing needs who require a level of clinical support not readily available in the community.

Legal Implications

32. The recommendations within this report take account of the Council's internal Procurement Regulations, Financial Regulations and the Public Contract Regulations 2015.
33. If progressed to implementation contracts for refurbishment of existing care homes and development of the new nursing homes would be managed through the Council's partnership with ENTRUST.
34. Any appointment of care providers would be through compliant procurement processes. Any partnership with the NHS would be set out in a Section 75 agreement.

Resource and Value for Money Implications

35. The recommendations in this report are designed to ensure that nursing home placements are affordable within the budget set by the Council's MTFS.
36. Business cases for capital expenditure would be completed using a Net Present Value approach, taking into account capital costs and future savings.

Climate Change Implications

37. Development of Meadowyrthe and Bracken House would accommodate improvements in energy efficiency and low carbon measures. The

specification for any new nursing homes would include measures to minimise the carbon footprint.

List of Background Documents/Appendices:

Appendix 1 – Risk Matrix - Sustainability of Nursing Care Home Market

Cabinet Report: Development of Council Owned Nursing Homes - 19th June 2019.

Cabinet Report: Strategic Review of the Care Home Market in Staffordshire 2021 – 15th September 2021.

Contact Details

Assistant Director: Andrew Jepps, Assistant Director Care Commissioning

Report Author: Helen Trousdale

Job Title: Lead Commissioner Older People and Physical Disability

Telephone No.: 01785 277008

E-Mail Address: helen.trousdale@staffordshire.gov.uk

