

Market Sustainability Plan – Annex C

Section 1: Revised assessment of the current sustainability of local care markets

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

Capacity profile

Coventry has 46 care homes catering for people aged 65 plus with over 1815 beds available in the City. The majority of homes (64%) are part of a group or larger organisation.

Since 2019, the overall demand for adult social care in Coventry has been steady, though there is evidence to suggest complexity is increasing.

As of 22 February 2023, the Council supports approximately 44% of the long-term occupants (713 of 1613 people). The remaining people are either there on a short-term basis, self-funding, fully funded by health or are supported by a different local authority. Care home occupancy during 2021 and 2022 has averaged between 80-85%. This has enabled the sourcing of places to be made efficiently with no significant waiting lists, an important indicator when determining sufficiency of supply.

Coventry trend data in respect of residential and nursing provision indicates an increase in new admissions to care homes for 65 plus individuals. In 2020/2021, 321 nursing and 634.1 residential admissions were made per 100,000 population. For 2021/2022, this has increased in both areas to 370 for nursing placements and 723.6 for residential.

Coventry is a compact City only 98.64 km² in area so does not face significant geographical challenges with 55% of care homes in the North of the City and 45% in the South. Provision available varies in size, as below:

Size of home	Number of care homes
10 to 20 beds	3 (7%)
21 to 30 beds	17 (37%)
31 to 40 beds	13 (28%)
41 beds plus	13 (28%)

A total of 5 independent care homes (total of 100 beds) have closed during the last two years for a variety of reasons including owners retiring, financial sustainability, regulatory issues, staffing challenges, occupancy, size of home and difficulty in obtaining insurance. This would evidence that independent smaller homes are more at risk of closure within the Coventry area; all five care homes had capacity of 25 beds or less ranging from 12 to 25 in total.

Of the 15 small independent care homes currently operating in Coventry, 4 have capacity of under 25 beds which would place them in the most at-risk category for closure based on size and occupancy alone.

The closure picture is somewhat counterbalanced by new provision coming on stream. During 2021, one care home expanded by ten new beds and another home plans to expand by a further fifteen beds. Where practicable, the Council will support care homes in expanding their bed bases as well as supporting new developments. A joint venture partner has recently been selected who will work with the Council with an aim to provide additional capacity to the care home and housing with care market, supporting individuals with complex needs. There also continues to be additional providers seeking sites for care homes in Coventry indicating an appetite to invest in the City.

Residential care fees are paid on the basis of provider quoted rates per room; third party contributions are commonplace where different homes are sought. An inflationary fee uplift is awarded annually, following which any provider with evidence of financial viability issues can approach the Council to discuss further.

Although not part of the cost of care review, Coventry has a healthy stock of Housing with Care provision, around 500 nominations and access to a further 400 units, offering an alternative to residential care where individual needs can be met. Likewise, our support offer in respect of learning disability and mental health provision continues to strengthen. In the past year one 15-unit supported living scheme assisting individuals with a learning disability and / or autism live independently has opened; another 19-unit scheme is also planned to open in May 2023. Also, in the past 2 years 6 new schemes comprising 61 places (largely Supported Living but some residential beds) have become available to support younger adults with mental ill health and a further 56 Supported Living places are expected to be opened in 2023/24. Innovative new day opportunities are now also available for individuals with more complex needs, and a community-based friendship network scheme has also been launched in the city to tackle loneliness and isolation. Our dedicated strategies for these areas listed in Section 3 below work to give clear direction to the market and support innovation and development in the city.

The Office of National Statistics provides a useful indication suggesting approximately 30% of residents in care homes are self-funders; providers who participated in Coventry's Cost of Care exercise had similar percentages of self-funders in their care homes.

Factors affecting sufficiency of supply in the city – Quality:

Care Quality Commission data has highlighted an increase in the last 12 months of care homes rated as 'Requires Improvement' and a change in our quality position following the onset of the pandemic:

CQC ratings February 2023	
Outstanding	1
Good	28
Requires Improvement	15
Inadequate	2

CQC ratings February 2019	
Outstanding	1
Good	28
Requires Improvement	19
Inadequate	1

As a result of changes to Care Quality Commission ratings, some providers are experiencing difficulties in obtaining insurance due to their quality rating or are facing higher insurance premiums, an issue affecting the wider market in the context of a shrinking specialist insurance provider market with less appetite for risk. Lower Care Quality Commission rated provision may sometimes be less attractive to prospective service users and their representatives when selecting care homes,

increasing the risk of voids; for smaller homes in particular, an increase in voids can quickly lead to financial sustainability issues.

Lower ratings can also exacerbate workforce issues with some prospective employees less likely to apply for posts and existing staff more likely to leave. Alongside the issues highlighted, these were further exacerbated during the pandemic where some homes with older buildings could not isolate outbreaks leading to long term absences of new admissions.

The Council regularly undertakes a review of the quality of care home accommodation and understands the limitations associated with older buildings with limited scope for improvement. This has informed a risk analysis which identified a small number of homes most at risk of failure and allows us to contingency plan effectively.

The Council's joint health and care Quality Assurance team has recently refreshed its approach to quality monitoring of Adult Social Care provision. In addition to risk-based monitoring a recent initiative has engaged providers with less than "Good" CQC ratings to have improvement plans developed, submitted, and monitored by the Council.

Additional factors

Cost of living and inflationary pressures:

Nationally we are currently operating at a time of significantly high running costs aligned to the cost-of-living crisis. This includes food, utility, building, fuel prices and workforce costs.

National Living Wage and inflationary increases also continue to impact providers significantly. According to the responses received in the cost of care exercise, staffing costs currently make up on average between 60-68% of the total operating cost of a provider. Impacts such as increases to National Living Wage therefore have a profound impact to providers financial sustainability.

The scale and pace of these inflationary increases (specifically, gas and electricity costs) is stretching providers financial positions in a manner previously unseen. Where previously providers were able to meet cost pressures (or at least, a proportion of these pressures) within their business models, the volume and severity of cost pressures faced by providers in the current market leaves little surplus funding able to absorb rising additional costs. All of these inflationary increases place additional financial pressures on providers and local authorities.

Wider Health / NHS pressures:

The link between health and social care has become ever more critical in light of the escalating pressures to support safe and timely Hospital discharges. We continue to support providers to facilitate timely discharges and utilise grant funding available (Hospital Discharge Fund). In Coventry we have a strong partnership with the Integrated Care Board and University Hospital Coventry and Warwickshire to ensure safe and timely patient flow where a supported discharge is required.

We have purchased additional capacity to support hospital discharges during the winter period funded from the Adult Social Care Hospital Discharge grant.

Staffing:

For residential care homes in 2020/21, Skills for Care data shows turnover was 34.4% (up 2% on the previous year) with a vacancy rate of 3.4%. By contrast, and in opposition to national trends, turnover of staff in nursing provision was down 3.9% on the previous year at 21.5%, with a vacancy rate of 2.5%. Anecdotally, a number of home support providers have reported a loss of staff to accommodation-based services due to the cost of travel.

Coventry offers a wide range of competitively paid roles requiring no specific training or qualifications, such as labour or warehouse positions, often offering more favourable and less onerous working conditions to the same potential pool of recruits. Ongoing support and engagement with this market is, therefore, required to ensure its future sustainability and the Council has in place a range of initiatives to support the care market with recruitment, retention, and staff development.

Market challenges and support:

Commissioned providers were recently surveyed to gauge their concerns regarding sustainability outside of fee rates. For care homes, the highest reported priority concerns were in relation to recruitment of staff, followed by staff retention and utility costs. For nursing provision, their most notable challenge was utility costs, followed by insurance costs and the recruitment of staff. The results of this survey have informed the support offer outlined in Section 3.

How delays to charging reform have impacted your ability to manage current pressures to market sustainability

In the absence of further Fair Cost of care funding, the Adult Social Care Sustainability and Improvement Fund will be used to increase fees and charges for providers. With the delays to charging reforms this will mitigate the expected impact of fees reducing where self-funders could ask the local authority to commission care.

The Council will support contracted providers in respect of costs pressures and market challenges through the following measures, as discussed with providers at our fee setting meeting in February 2023:

- Clear and early communication of fee uplifts for 2023/24 (and moving forward) to ensure businesses can manage budgets effectively.
- 9% National Living Wage and inflation increase on contracted fee rates
- 2.2% Adult Social Care Sustainability and Improvement Fund increase on contracted fee rates
- A total uplift of 11.2% on contracted fee rates for financial year 2023/24
- Targeted recruitment and business support free of charge to providers.

Our full support offer to both areas of the market is outlined in Section 3 however focuses heavily on recruitment and retention in recognition of the weight of staffing costs to providers.

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

Coventry contracts with 16 home support providers, 15 of which are rated 'Good' by CQC (1 is "Requires Improvement"). Two of these providers operate within Coventry only. In the past 12 months, one provider has handed back its contract due to financial viability issues. Whilst the market has been stretched and continues to be challenged, we have re-commissioned successfully and remain able to source replacement capacity to date.

Each provider is commissioned to deliver support within their allocated 'cluster' area within the City, an approach which works to improve both efficiency and sufficiency, ensure effective care delivery and reduce (as much as possible) the associated travel and fuel costs and carbon footprint of travel. Each of the 9 clusters are also supported by a contingency provider to support should the cluster provider experience a business emergency, for example staffing issues or following a large influx of referrals.

During 2023/24 we will be re-commissioning short term home support provision using customer feedback and intelligence gathered from previous contract performance to design the model and level of hours required to support provider sustainability. For long term support we will be re-commissioning the model during 2024/25, again using customer feedback and intelligence gathered to design the model and level of hours required to ensure maximum sustainability and resilience of providers. Both areas of commissioning activity will involve a review to understand the optimal number of providers required to serve demand in the city whilst maintaining business viability, including the potential of increasing our number of contracted providers per cluster.

As with care homes, we have purchased additional short term home support capacity through the use of the Adult Social Care Hospital Discharge grant to facilitate hospital discharges through the period of winter pressures.

During 2022 / 2023 we have been able to source home care (on average within a week) at a volume required to meet demand with no significant waiting lists.

As of 22/02/2023 Coventry funded 1122 service users for long term home support directly with providers (note, data below does not include direct payments) with the average support package being 13.56 hours per week per person. Whilst the average hours delivered per week has remained relatively stable over the past three years, the number of people in receipt of a service has increased steadily year on year:

08/09/2020	08/09/2021	08/09/2022	22/02/2023
------------	------------	------------	------------

Service User

Count	992	1,016	1,078	1,122
--------------	-----	-------	-------	-------

All contracted domiciliary care services within Coventry are commissioned via a tender process ensuring the most suitable providers are selected based on quality and best value. The volume of providers available within the City means additional choice is available for individuals whose preference is outside of contracted provision, accessible via a Direct Payment (DP).

Staffing:

The market was recently surveyed to gauge their concerns regarding sustainability outside of fee rates. The survey highlighted there are challenges in the recruitment and retention of staff generally within the home support market leading to difficulties in ensuring a consistent and well-trained workforce. Skills for Care data for Coventry's non-residential provision notes a turnover of 54.1% and a vacancy rate of 11.3%. This is significantly higher than accommodation-based services as noted above, although in line with national trends. The outcome of our autumn provider survey noted staff recruitment as providers single highest concern over the next 3 years with many providers also listing travel costs as a cause of workers leaving roles for positions in residential services.

High rates of staff turnover have resulted in increased agency use; whilst increasing costs for providers this also risks the continuity of care for the service user where staff are unfamiliar with the complexities of the individuals they are supporting. Other areas of concern reported by providers in the survey were the ongoing retention of staff with high turnover feeding a cycle of constant recruitment activity.

Linked to this, the quality of services is intrinsically affected by the level of staff turnover and recruitment challenges. The Council has in place several initiatives to support all providers with recruitment and retention.

The results of our cost of care exercise indicate direct staffing costs account for around 70% of the providers total cost per hour; this is a significant proportion of operating cost to uplift, when required, in line with National Living Wage and inflation. When undertaking market research and validating Cost of Care submissions, all providers paid at minimum the National Living Wage with some paying in excess of this or rates akin to the Real Living Wage to remain competitive.

The Council will support contracted providers in respect of these costs through:

- Clear and early communication of fee uplifts for 2023/24 (and moving forward) to ensure businesses can manage budgets effectively.
- £1.59 National Living Wage and inflation increase per hour
- £0.44p Adult Social Care Sustainability and Improvement Fund increase per hour

- A total uplift of £2.03 uplift per hour for financial year 2023/24
- Targeted recruitment and business support free of charge to providers.

Our full support offer to both areas of the market is outlined in Section 3 however focuses heavily on recruitment and retention in recognition of the weight of staffing costs to providers.

Section 2: Assessment of the impact of future market changes between now and October 2025, for each of the service markets

Based on the results of the cost of care exercise, current Government funding will not significantly bridge the gap between current average rates and the medians calculated. Whilst the funding will support a modest move towards the cost of care, there is a concern regarding the expectations of the market that the exercise will be a solution to presenting financial pressures. This is not possible within the financial envelope provided and exacerbated by significant cost inflation.

Other changes impacting on providers:

- **Digital switchover:** The transition from analogue to digital will require a coordinated and clear approach to ensure a seamless conversion. The use of analogue assistive technology and aids is prevalent in both accommodation-based schemes and in supporting individuals live as independently as possible in the community. It is a key priority to ensure everyone remains as safe and informed as possible through the switchover, whilst using this as a time to promote the benefits of advancing technologies to support individuals.
- **Regulation of Local Authorities by Care Quality Commission:** Coventry welcomes the regulation of local authorities and continues its preparations in readiness for inspection. Our management of inspections alongside business as usual operational and commissioning activity will be a challenging but necessary adaptation.
- **Changes to Care Quality Commission regulation to providers:** The change to ongoing and real time data gathering of providers has influenced our approach to quality assurance. The development and implementation of our Quality Assurance Framework ensures a clear process and pathway is in place to support providers, escalate concerns and assist in maintaining the quality of provision in both a proactive and reactive (where necessary) way.
- **People at the Heart of Care (White Paper):** The White Paper placed particular focus on the importance of suitable housing and the interlink between housing and social care. Work is currently underway to understand the demand for different alternative options, and how aging infrastructure of existing provision can be adapted to meet modern requirements.
- **Inflationary and external cost pressures:** The next three years represent an increasingly challenging financial climate for both the local authority and care providers. Projected increases to National Living Wage and general provider costs depict a concerning picture for the adult social care market alongside the local authority's budget.
- **Occupancy and void rates:** whilst the City Council does not expect providers to operate at 100% occupancy, equally it is unable to financially support providers with ongoing high levels of vacancies. Historical trends indicate homes with a capacity under 25 beds, or where occupancy is under this level for a prolonged period, are most at risk. Existing void levels mean some reduction in care home capacity would not immediately create a problem in the market, however, there is a risk that a tipping point could be reached over time. According to the Capacity Tracker, as at 22 February 2023 occupancy for residential and nursing provision was 88%.
- **Integrated Care Boards:** With the introduction of the Integrated Care Boards, this is likely to lead to greater levels of integrated commissioning between health and social care partners, giving a higher level of consistency to the market. Examples of this include the joint commissioning of our learning disability and mental health supporting living framework and day opportunities framework, and the commissioning of long-term home support. The latter

is to be re-commissioned in partnership with ICB for new contracts to be in place by Summer 2024.

In summary, whilst Coventry City Council will always look to support the financial viability of provision, we must evolve our approach to ensure we are meeting market need and provide a tailored and suitable care offer. Our revised Market Position Statement (due in Summer 2023) will provide direction to the market in respect of Coventry Council's position on demand and standards of accommodation and care.

Section 3: Plans for each market to address sustainability issues, including fee rate issues, where identified.

(a) 65+ care homes market

The purpose of our Market Sustainability Plan is to give clear direction on our intention to support the market through current areas of challenge and how we will continue to work with both existing and new provisions to develop provision and encourage innovation.

This Market Sustainability Plan will complement the following strategies and processes and will feed directly into our revised Market Position Statement to be published in 2023:

- Joint Strategic Needs Assessment
- Market Development Plan for working age mental health individuals
- Market Development Plan for individuals with a learning disability and autism
- Adult Social Care Vision
- One Coventry Plan
- Quality Assurance Framework
- Autism Strategy
- Carers Action Plan
- Adult Social Care Offer
- Equality Impact Assessment (Fair Cost of Care and Market Sustainability Plan)

Cost of care exercise

Cost of care funding for 2022/23 was divided as an equal percentage uplift across home support and residential provision. Allocating funding in this manner recognised the differing but equally significant gap between existing rates and the cost of care based on the national methodology and works to assist both markets to remain sustainable. All contracted care and nursing homes (below the median weekly rate) received a circa 3% increase to current rates for 2022/23, backdated to April 2022. This is in addition to inflationary rates already awarded for this financial year.

Only contracted rates below the median were uplifted using year one funding, acknowledging the limits of the financial envelope available and to ensure a meaningful increase could be applied to those in most need of support. Funding for 2023/24 has however been opened to the wider market to ensure we are supporting the sustainability of the market in its entirety.

Care fee uplifts 2023/24

Coventry City Council consider a further increase to fee rates a key component of supporting improvement and sustainability. For 2023/24, our intention is to supplement the National Living Wage and general inflation increase of 9% by an additional 2.2% from the Adult Social Care Sustainability and Improvement Fund. This would equate to a total increase of 11.2% for contracted care home fee rates for 2023/24.

For future years uplifts (2025 and beyond) of care fees we will further engage with the care market and where funding can be best utilised to support improvement and sustainability.

Engagement

Ongoing communication and engagement with the market is key to maintaining stability. In Coventry, we promote an open dialogue with providers to ensure we can be responsive to the market changes and pressures. In respect of the cost of care exercise specifically, we have engaged with our 65+ residential and 18+ home support markets at first instance and have since opened this to the wider market.

We have also sought support from a range of stakeholders, including our Social Care Reform Group and Stakeholder Reference Group (made up of a range of experts by experience, service users, carers and social workers/practitioners).

In respect of engagement specifically with the market regarding the cost of care exercise, we have:

- Facilitated virtual meetings for all providers to attend to introduce the cost of care exercise and related social care reforms, assist in providers understanding the purpose of the exercise, and address any questions or concerns
- Facilitated meetings with each provider market specifically to outline how to use the provided toolkits (iESE and homecare cost of care toolkit)
- Ensured consistent communications and sharing of resources in respect of the exercise e.g. guidance, FAQs, webinars. Information was also updated and shared via our [website](#)
- Undertook a survey of 65+ residential and 18+ home care market to understand current challenges and how we can best support. This was originally undertaken alongside the cost of care exercise and has been refreshed to incorporate the whole market in 2023/2024 due to the ongoing and developing pressures and changes to planned reforms.
- Facilitated a cost of care outcome session with providers involved to inform as to the findings of the exercise.
- Facilitated a fee uplift session (whole market) to outline plans for inflationary uplifts in 2023/24, and non-financial support available.
- Facilitated a Market Sustainability Plan session (whole market) to inform providers of the various support options available as outlined below and further understand challenges.

Non-financial Support Offer 2023 - 2025

Engagement with providers has also signified the need for a substantial non-financial support offer to supplement increases to fees. Significant areas of concern, for example recruitment and retention, cannot be resolved through financial increases alone. Our provider support offer therefore includes a variety of tangible actions aiming to make a meaningful impact in the following areas:

- Recruitment of new workers into the sector through monthly job fayres, access to an employment hub, advertising tips and support from Coventry's The Job Shop and Coventry's Employers Hub
- Recruitment campaigns working alongside Coventry's Migration Team, aiming to promote a career in care to individuals who may be unaware of the opportunities available in the sector
- Guidance on bid writing and funding applications, recognising independent businesses may not have the expertise or resources available to respond to tender exercises. Our support will assist in ensuring our contracting process supports all businesses in accessing opportunities available
- Resources and tips to reduce business costs. Again, this support is particularly welcomed by small or medium enterprises who appreciate additional free resources in this area
- Assistance and guidance to boost CQC ratings

- Resources, including accessing group sessions, to promote wellbeing at work for existing staff aiding wider recruitment and retention strategies and support the health of our workforce.
- Effective digital market techniques.
- Guidance on co-production, specifically the benefits this can have on the business and individual outcomes.

The above areas are all included in our Provider Support Pack available to all providers (both commissioned and non-commissioned) on our [website](#).

Information on cost of living and wellbeing support is circulated monthly for providers to cascade to their staffing groups and to promote further.

Our support offer already in place includes the promotion of the Skills for Care registered managers and nominated individual networks and resources; in person provider forums; monthly provider bulletin noting the latest developments in social care both locally and nationally; best practice and useful information; free training on upcoming social reforms e.g. LPS; roll out of digital healthcare (DOCOBO) and Urgent Community Response in care homes; facilitating links to community activities and support offers. Coventry City Council have also supported monthly recruitment fairs and worked in partnership with our migration team to promote working in care as an option for refugees and migrants. A [recruitment video](#) is also available for all providers to use free of charge to supplement their own recruitment campaigns and encourage values-based recruitment. Providers are signposted to other areas of recruitment support such as overseas recruitment and encouraging younger people to join the social care workforce.

The feedback and suggestions from our survey will supplement the above care offer and over the next 12 months we will begin a programme of support to include, as requested, additional support with staff retention and recruitment including the use of Council and Skills for care recruitment and retention specialist expertise; 'mock' CQC inspections; access to accreditation programmes (for example, Say No To Infection, React to Red pressure ulcer prevention); workshops on meeting statutory requirements and improving CQC ratings; multi-disciplinary best practice events giving providers access to knowledge from occupational therapists, physio therapists and other supporting professionals. We will also look to facilitate an annual Provider Practice Development Week to reaffirm and evolve practice.

Use of technology

The implementation of DOCOBO remote patient monitoring (68 care homes from 73 have now signed up) has increased schemes ability to cater for hospital discharges whilst working to prevent hospital admissions and increase safety. A range of health professionals, for example, advanced nurse practitioners, therapists and paramedics, are also available to all care homes via the Urgent Community Response service, offering health support within two hours, again easing the pressure on frontline services. Both means of support have given assurances to providers that robust, practical support is available to meet the increasingly complex needs of individuals.

(b) 18+ domiciliary care market

Cost of care exercise

Our approach to the allocation of funding for the home support market mirrors the approach to the residential market, with contracted provision below the median receiving a circa 3% uplift increase on the hourly rate in 2022/23. As all commissioned home support provision falls below the median rate, all providers received the uplift including Direct Payments.

Care fee uplifts 2023/24

Coventry City Council consider a further increase to fee rates a key component of supporting improvement and sustainability. For 2023/24, our intention is to supplement the £1.59 per hour

National Living Wage and general inflation increase by an additional £0.44p per hour from the Adult Social Care Sustainability and Improvement Fund. This would equate to a total increase of £2.03 per hour for contracted home support hourly rates for 2023/24.

For future years uplifts (2025 and beyond) of care fees we will further engage with the care market and where funding can be best utilised to support improvement and sustainability.

Further support 2023-2025

Coventry City Council's support offer to home support mirrors that outlined in the residential care section above.

Our recruitment support offer will concentrate heavily on encouraging uptake to positions within home support recognising the more urgent need for staff and ongoing recruitment difficulties in this market. We will look to work innovatively with this area of the market to better understand the barriers to working in home support, for example, requiring a driver's license or car ownership, to support recruitment in this area specifically.

In recognition of the complexities of the varying business models of care providers and the national challenges in the market, business development support will also be offered to **all** providers through the Coventry and Warwickshire Growth Hub. This service is free of charge and supports businesses maximise efficiency, expand, access other areas of support and information to ensure they have the tools to be successful, sustainable, and profitable.

We are currently in the process of trialing a digital support offer which utilises technology to support people to remain at home safely and promote their independence in the least intrusive manner possible. The impact and success of this trial will inform our digital offer in the community moving forward.

The home support market is an ever-changing landscape and support from Coventry City Council will need to be adapted as required to suit presenting need. We will therefore continue to seek the views of the home support market on an ongoing basis to ensure our support offer is tailored to the needs of the market. This will be informed through local intelligence alongside a provider forums and ongoing communications.