

Market Sustainability Plan

Kent County Council

March 2023

FINAL

Introduction

At Kent County Council, our priority is to work together with our partners to drive the best possible outcomes for people in Kent now and in the future – keeping people at the heart of what we do and allowing us to make a difference every day. We have a responsibility to support adults with specific needs to live independent and fulfilled lives based upon what is important to them and keeps them safe. We do this by putting the person first, listening, and giving information, advice and guidance to help people at different life stages as well as providing and commissioning support and services. This is wider than older person's care homes and the 18+ domiciliary care market, and covers community-based preventative services, wellbeing services and accommodation-based services for people with a physical disability, people with a learning disability, people with autism and people with mental health issues, as well as older people.

[Making a Difference Every Day: Our Strategy for Adult Social Care 2022 to 2027](#) sets out the council's vision for social care in Kent as 'making a positive difference every day, supporting you to live as full and safe a life as possible and make informed choices'. This strategy was coproduced with people who draw on care and support, and is underpinned by three core principles guiding how the council will improve things for the future:

- **Putting the person first** – always starting our conversation with the voice of the person, focusing on what the person can do and keeping them at the heart of everything we do; developing working relationships people can trust and helping them to achieve outcomes that are important to them.
- **Improving all the time** – find innovative ways to help people and make sure any support offer is tailored to the individual, learning from feedback from the people we support and building continuous improvements together.
- **Measuring what matters** – understand how we are making a difference to the life of the person we support by working with them, our staff and partners.

The council considers this Market Sustainability Plan to be a live document which will evolve between now and 2025 through regular coproduction with providers of social care. Coproduction will also be a key aspect of the any future tenders.

Provider engagement

The draft Market Sustainability Plan was shared with providers on the council's website in February and March 2023. In acknowledgement of the limited time available, the approach was taken to develop a short survey to gauge feedback which was emailed to providers, shared in the council's provider bulletin and shared with local Trade Associations. The response rate was very low, and a total of 20 responses were received. These were broadly in agreement with the content of the draft Market Sustainability Plan.

Current market: older people's care homes

Overall, across Kent there is a sufficient supply of older people's care home places. However, this varies in specific areas of the county and when looking at specific support levels provided.

Current evidence shows a growing trend in people choosing to have their support delivered in their own homes for longer. This may lead to a reduction in the number of people moving into a care home to receive the support they require. Data on recent care home closures, most of which had been working with people with lower levels of care and support requirements, further supports this.

Demand for care homes that can support those with greater, more challenging or more complex needs, often exceeds the market capacity. For example, people living with dementia, older people with a learning disability, people with bariatric requirements and those with a more forensic (mental health) and/or criminal history are often the people that do not easily find a care home that can support them. The numbers of people in these categories may be a relatively small proportion of the overall care home population, however the gaps in the market to provide these types of support are significant, leading to increasing placements in homes outside of Kent.

Other influences on availability and supply of care home placements come from the demand of placements from the health sector (timely discharge to reduce pressure on hospitals) and seasonal variations (especially during winter months), people with continuing healthcare eligibility as well as CQC activity.

Kent is the largest local authority in England, with a significant coastal boundary and bordering London. There is significant variance in wealth and deprivation across the county, and as such the care home market varies significantly. As of March 2023, there are a total of 263 older people's care homes (residential/nursing) in the county; of these, 189 in the KCC area are currently on the council's framework contract.

- Placements outside the framework do take place (for example a previous self-funder needing to remain in the same home once the council takes on the placement, or a person's support needs requiring a placement in a home not on the framework, or personal choice). These currently account for approximately 1 in 5 of all placements in care homes.
- Kent has a diverse range of providers: independents (37%), regional (40%) and national (20%).¹
- There are 110 nursing homes in the county.
- There are a higher numbers of nursing care homes in West Kent compared to the east of the county.
- There are a greater number of smaller independent care homes in East Kent.
- There are a significant number of smaller care homes concentrated in the Kent districts that have a coastal border.

Kent County Council's older people's care home framework (opened in 2016) operates using a 'guide and indicative price' system in the following categories: residential standard, residential high, nursing standard and nursing high. . The guide price is the 'base' pricing level; the indicative price is the maximum fee a provider on the council's framework contract can charge for any KCC-funded placement. The current contract allows providers to review their indicative prices every six months, subject to completion of a Quality and Capability Questionnaire.

¹ Figures do not add up to 100 per cent due to rounding.

Below is a summary of the percentage of placements made at guide price or below, and above guide price as of January 2023:

- **Residential standard**
 - 18% made at guide price or below
 - 82% made above guide price
- **Residential high**
 - 29% made at guide price or below
 - 71% made above guide price
- **Nursing standard**
 - 19% made at guide price or below
 - 81% made above guide price
- **Nursing high**
 - 14% made at guide price or below
 - 86% made above guide price

Commissioning work is currently being undertaken to look at recommissioning a new older persons' care home contract. The limited desktop findings from the Cost of Care work, current pricing analysis and engagement with providers will help to determine future rates that support market sustainability. These agreed fees will sit within a clear pricing framework that reflects levels of dependency and assessment of need of the people we support.

The current occupancy rate in Kent (taken from the NHS Capacity Tracker as of March 2023) is currently at 90%, or 11,711 occupied beds. This varies depending on the type of home and support provided. Homes that support general elderly frail have greater vacancy rates; those supporting people living with dementia have lower vacancy rates.

As of March 2023, the majority (75%) of older persons' care homes across Kent were rated good or outstanding by the Care Quality Commission (CQC), with the remainder being rated as requiring improvement (20%) or inadequate (2%), or awaiting an inspection or dormant (3%).

There has been a steady decline in smaller and independent homes seen across Kent. The average size of care homes opening since 2020 in Kent is 54 beds, with these larger homes predominantly being purpose built and run by large national providers, often targeting higher cost privately funded placements. 26 care homes have closed in Kent since the beginning of 2020 (the start of the COVID pandemic). Of these homes, 11 were rated good, seven as requiring improvement and eight inadequate. Three of the closures were instigated by the council (due to poor quality), 13 closures were the decision of the homes citing reasons such as economic sustainability issues, and four were served prohibition notices by the Kent Fire and Rescue Service.

National vacancy rates in care home sector staff (according to Skills for Care – July 2022) have increased by 52% in the last year. Local data for Kent's care home workforce was last collected in 2021, and so is not comparable presently. The Kent picture at the time did however reveal that the average hourly rate of pay in the independent care sector workforce was over 10% higher than the National Living Wage (averaging all jobs). When looking at only care staff in the homes it was just under 5% higher on average.

A survey undertaken by the Department of Health and Social Care via the NHS Capacity Tracker in September 2021 was completed by 170 Kent care homes. The survey revealed that 71% of Kent care homes felt it was 'much more/more challenging' to retain staff compared to April 2021, with

the most common reason cited for staff leaving being 'better pay elsewhere outside of the care sector'. Recruitment of staff was also reported as 'much more/more challenging', with 86% of homes reporting 'much lower/lower' numbers of applications for roles compared to April 2021, and the added factor of a more challenging time accessing staff from agencies. Almost half of respondents stated they were using more agency staff than in April 2021, with only 6% saying they were using less. Senior Care Worker was cited as the most difficult role to fill.

The current market needs to develop to meet the changing needs of Kent residents. There is sufficient capacity in the market but some care home models of delivery are not sustainable. Providers are citing financial sustainability as a key reason for closure. Providers are also citing the financial impact of the National Living Wage increases alongside the inflationary increases currently seen in all aspects of the economy.

There has been a statistically significant increase in the average weekly cost for all people who access long term nursing care and residential care up until February 2023. From October 2021 to September 2022, the annual increase seen in all care home placements was 13%. For new placements that percentage increase was 18%.

Current market: care and support in the home

Over the last year the council has increasingly experienced issues placing new packages of care with care and support in the home providers on the framework. This is due to a lack of capacity which has resulted in more care packages being placed with providers outside the framework, often at a higher price. This has led to 45% of homecare packages being purchased off contract in January 2023 compared to 18% at the beginning of the 2021/22 financial year.

Overall, across Kent there is an insufficient supply of care and support in the home places with framework providers to ensure a continuity of care for all Kent residents requiring this support. However, this varies in specific areas of the county and when looking at specific support levels provided. Data collected since February 2020 shows that client numbers increased following COVID. The market expanded to meet this need, but from May 2021 the market had expanded as much as it could and so waiting lists started and continue to date.

While there has been a slight improvement in the number of packages being supported by framework providers since the draft publication of the Market Sustainability Plan in October 2022, it is too soon to say whether this is an ongoing trend. The council continues to see demand outrunning supply, and the factors contributing to this include the complexity of the package of care required for an individual, behaviours of the individual or members of their family, or shortages of care staff. The impact of the National Living Wage rise in April 2023 is also being cited by providers as a significant financial pressure, alongside the inflationary increases seen in all aspects of the economy.

Kent is the largest local authority in England, and as such the care and support in the home market varies significantly. There are currently 150 care and support in the home providers in the county.

- There is a mix of national, franchised and local providers. Currently 44% of framework providers are SME providers.
- Geographical 'hotspots' exist that are historically difficult to cover, for example Faversham, Cranbrook and Paddock Wood.
- Rurality plays a key factor in availability of providers and support, as does ease of travelling to London and other employment opportunities for their staff.
- As of March 2023, 80% of providers in Kent were off framework and 20% were on the KCC framework.
- When considering people within a service, as of October 2022, 45% were placed with non-contracted providers and 53% with contracted providers. Just over three quarters of providers on the current care and support in the home framework are rated as 'good' by the

CQC, and just over 1 in 5 are rated as 'inadequate'. For providers used outside of the council's framework, the quality is of a comparable level, with just over three quarters rated as 'outstanding' or 'good' and 16% rated as 'requires improvement'.

The council's current framework of care and support in the home providers started in April 2019. For these framework providers there are financial fee increase clauses built into the contract. Since the start of this framework the council has given providers 11.5% of increases year on year to support financial sustainability. For the 2022/23 financial year a 3% increase was applied in April 2022, and a further 4% increase applied from 22 August 2022.

Fees vary across the county based on the complexity of the support required and where the person lives, so higher fees are generally seen for those who require 'enhanced' support or if they live in a more rural area of the county. Given the size of Kent there is an increased cost of delivering care to people living in more remote locations. There has been a statistically significant increase in the average weekly costs for all people who access care and support in the home in the last six months up to February 2023. This is not due to an increase in care package hours.

Fee negotiations with providers not on the council's framework have taken place over the past year. These fee negotiations have generally been based on an urgent need to secure care for a person when the original package of support and care has failed.

The care and support in the home market has the most significant workforce challenges in adult social care in Kent, and the current market conditions are not supportive of workforce development.

- There is a mixed economy of contracted and zero-hours contracts for staff.
- Care workers' salaries are paid close to or at National Living Wage levels, and career development is limited. The council is concerned about the impact of the forthcoming increase to National Living Wage as this will likely have a direct impact on staff costs for frontline care workers.
- There is a high turnover of staff in the sector – with a large number exiting the profession either completely, or to other parts of the care sector that require less travel.

The current fuel price increases have seen an increased challenge in getting support in areas that require more travel by car.

The survey undertaken by the Department of Health and Social Care via the NHS Capacity Tracker in September 2021 was completed by 141 care and support in the home providers in Kent. Three quarters of those responding said it was 'much more/more challenging' to retain staff compared to April 2021. The most common reason for leaving cited as 'able to get better pay outside the care sector'.

A significant majority of providers (86%) stated recruitment of staff was 'much more/more challenging', with 82% reporting that the number of applications received was 'much lower/lower' compared to April 2021. Recruiting staff from an agency was also cited as 'much more/more challenging' by just over a third (37%) of providers, with just over one fifth (21%) of providers saying they were using more agency staff than compared to April 2021. No providers reported that they were using less agency staff. The role cited as hardest to fill (63% of providers) was Personal Assistant/Home Care Worker.

Delays to charging reform have given the council further time to better understand current demand and to better forecast future demand for all aspects of Adult Social Care, not just older persons' care homes and care and support in the home.

Future market changes

The initiatives set out in this section will reduce need for residential/nursing care. We expect to see further closures of some smaller care homes with an unsustainable business model balanced by the development of newer, larger care homes and those able to provide tailored individual support to those with more complex needs. In addition, these initiatives will reduce demand for care in the home through the development of alternative offers such as personal assistants, micro enterprises, flexible support options for people and technology enabled care. This will address the balance between demand and supply.

Based on data trends and social care strategic direction, the future commissioning intentions of the council are as follows:

- Increase the scope and ability of all provider markets to support 'self-directed support' for people
- Continue to use the voluntary sector as a way to provide support to people who do not have assessed social care needs, but who require support from the council
- Develop support for those who can live independently through supported living, extra care, and digital self-serve options
- Give the people we support the opportunity to employ personal assistants
- Use of micro providers offering alternative options to meet people's assessed needs.
- Develop and increase provider market for care and support in the home
- Explore opportunities of developing in-house provision for some types of care and support in the home
- Reduce the use of general frailty residential care homes and the use of in-patient care for people with a mental health issue, learning disability and or autistic people
- Increase nursing and complex dementia care home availability to meet the needs of the people we support

These commissioning intentions have been developed in line with the Adult Social Care strategy – Making a Difference Every Day and the following documents:

[Framing Kent's Future](#) is the top-level council strategy (2022 to 2026) setting the priorities the council will focus on to tackle the challenges and make the most of the opportunities the council will be facing, with the aim of improving life in Kent and building a solid foundation for future success.

The strategy recognises the social and economic pressures, including rising costs, increasing demands for health and social care services, a growing population, the impacts of climate change, and Kent's unique position in England as the gateway to Europe.

To respond to these challenges, the strategy sets out the need to seize opportunities to work more closely with partners, designing and delivering services more collaboratively and investing in technology to make the council more efficient and productive, recognising the need to work with the government to secure the powers and resources needed for Kent to succeed.

The strategies key priorities are:

- Levelling up Kent
- Infrastructure for communities
- Environmental step change
- New models of care and support

The council works closely with providers to support and shape the market to be fit for the future. The accommodation strategy was published in 2019 and was titled '[Right homes; right places; right support](#)'. The focus of this was to identify the local picture and set out the future strategic priorities of the council. Evidence suggested there needed to be a significant increase in care-ready housing, with residential and nursing care focusing upon services for people with more complex needs. The accommodation strategy set out that, alongside the forecast increase in the Kent population, there is a significant growth in the 65+ population meaning that the Kent population is ageing.

Our commissioning intentions outline how we want to work, the type of support we want to deliver and how support will be arranged. The key aspects of these are as follows:

- Coproduction with relevant stakeholders at all levels
- People experience more joined-up support
- Developing a flexible and diverse workforce
- Giving people choice and control over the support they receive
- Ensuring that outcomes match the needs, aspirations and capabilities of people with appropriate technology

Throughout COVID, communities came together and we need to continue to build on this to develop resilient, vibrant and well-connected communities. We will play a key role in making connections in our local communities between a wide range of partner organisations, providers, including micro-enterprises and the voluntary and community sector that all work together in supporting people to be well, safe and independent. This will involve locally adopted arrangements and offering support beyond traditional services. Thus building a vibrant civil society as described more in Kent County Council's Civil Society Strategy 2021 – 2024.

Finally, the Adult Social Care Commissioning Intentions document for Kent sets out the way the council plans to create person-centred and flexible care and to also address the challenges and opportunities in adult social care. This document supports Making a Difference Every Day, and nine commissioning intentions have been developed in partnership with people we support, carers, Kent residents, our care market providers, partners and our workforce.

Plans to address sustainability issues identified, including fee rate issues

The Cost of Care (CoC) exercise was live for seven weeks between May and July 2022. During this time the council employed several different methods to engage the market. These included a dedicated mailbox, virtual drop-in sessions for providers to ask questions or request clarification, weekly targeted emails setting out the requirement and the importance of engaging, articles in newsletters on the topic, meetings with representatives from Trades Associations, presentations at provider forums, and direct telephone calls to providers to support them in completing the exercise. The tool selected for completion of the CoC exercise was the Care Cubed tool as made available by the Local Government Association (LGA). The same process was undertaken and the same levels of engagement took place on the Cost of Care exercise for the adult care and support in the home market as that for the 65+ residential care market, but using the LGA ARCC Excel Tool.

An independent provider was commissioned to analyse the data received from providers and ascertain the upper quartile, lower quartile and median cost of care from the data received. Further detail on this can be found in the Cost of Care Output Reports.

Unfortunately, there has been a low overall response rate to the exercise (21% validated returns for Care Homes and 14% validated returns for Domiciliary Care) which means that we are not able to place any reliance on the sample of data received from providers. In addition to the low response rate, there are also issues with the quality, completeness, relevance and reliability of the data returns. As a result, we do not intend to rely solely on the information in this submission as

part of our future fee setting strategy which will continue to be informed by a range of economic, fiscal and market factors taking into account legislative requirements.

The council's intention will be to use future funding to begin to move our fees towards a fee model that is recognised as being true for Kent. Due to the low return rate from providers the information received was limited and not representative. The results from the Cost of Care exercise are not sufficient to provide a statistically significant sample size and we are therefore unable to draw any meaningful conclusions from this.

For the financial year 2023/24, the council has agreed a 10% uplift in rates for care and support in the home providers, and a 7% uplift for older persons' residential and nursing care providers. The additional differential element of the prices provision (the element above 5%) proposed for the older people's residential and nursing and homecare contracts is to be funded from the new ringfenced grant – the Market Sustainability and Improvement Fund (MSIF).

This approach will help to maintain stability in the market, and it also supports Priority 4 of the council's Framing Kent's Future strategy: to help to ensure the sufficiency of the market of social care in Kent.

The council has seen significant month on month increases in fee rates for new clients, creating a pressure on the adult social care budget for 2022/23. Market pressures including workforce and an increase in the number of higher-level complex clients being placed have significantly driven up the placement costs of new clients, resulting in higher than forecast average rates. The increase in placement cost has put significant pressure on the council's budget for 2022/23 and the current projected forecast in most of these areas is greater than the available grant.

The 2022/23 allocation of the grant and forecast spend are as follows:

- **65+ residential care homes market**
 - 2022/23 allocation of grant is 45%
 - 2022/23 forecast spend is 46%
- **65+ residential nursing homes market**
 - 2022/23 allocation of grant is 27%
 - 2022/23 forecast spend is 24%
- **18+ care and support in the home market (see Note 1)**
 - 2022/23 allocation of grant is 22%
 - 2022/23 forecast spend is 29%
- **Resourcing/implementation activities (see Note 2)**
 - 2022/23 allocation of grant is 5%

Note 1: in addition to the annual uplift, care and support in the home received an in-year 4% increase, funded from the council's base budget.

Note 2: grant conditions allowed up to 25% to be spent on the now-postponed adult social care reform preparations including the Fair Cost of Care exercise.

The funding for 2023/24 is being allocated in line with the grant conditions and the Making a Difference Every Day strategy, which will see significant increases in the care market prices being paid to providers (£4.4m), with the remainder of the grant (£5.5m) supporting provider capacity. The council has adopted a targeted approach which will move towards:

- Increasing adult social care capacity
- Reducing waiting times

- Increasing workforce capacity and retention
- Increasing fee rates to reflect increased costs

65+ care homes market

The council produced Market Position Statements for [Accommodation with Care and Support](#) and [Discharge](#) for the period 2021-2026. The documents cover residential and nursing care across Adult Social Care, and extra care housing. In developing these, significant engagement took place with the market and with Kent residents who may be considering accommodation-based care in the future. The outcome was that, while there was an increasing desire for people to remain in their own homes for longer, there would always be a demand for residential and nursing care for those people unable to have their care needs met at home.

18+ domiciliary care market

The current framework contract with care and support in the home providers went live in April 2019 for a period of 5 years, ending in March 2024 with the potential for three optional years' extension if required. There is significant work underway with the non-framework provider market to allow the council to develop a better relationship and market influencing position. This work will therefore support the shaping of any future contracting arrangement with the market.

Reducing waiting times

From April 2023 Adult Social Care community teams will be "place based" teams across 24 geographical areas, aligned alongside District and Borough Council and Health and Care Partnership (HCP) boundaries. The locality teams will support people within their area across all groups of people with differing needs that draw on care and support and bring together practitioners with a broad range of experience knowledge and skills. It is anticipated that this will reduce duplication and handoffs that exist in the current structure, where some people we support may have multiple practitioners involved in supporting them and will create efficiencies for us to assess and support more people and reduce waiting times for adult social care support.

There will be Adult Social Care Referral Services at an area footprint, which will reduce the number of entry points into adult social care and we will have social care practitioners in the Referral Service that will ensure that people contacting Adult Social Care will have greater choice and control to lead the life they want to live in their own community and provide a more timely response to people on initial contact.

There is a Performance Improvement Plan (implemented November 2022) with clear improvement areas for people waiting for Care Needs Assessments and significant improvements have been made for people with the longest waits.

A Quality Assurance Framework has been implemented which sets out clear practice standards and responsibilities to ensure we are delivering high quality services. Alongside this, we are developing a consistent performance culture in the teams which will ensure staff will take control of their performance, as an individual and as a team, ensuring that practice standards and performance standards are met, including a focus on reducing waiting times.

Increasing workforce capacity and retention

A Care Sector Hub has been developed on behalf of KCC and NHS Kent and Medway to respond to the workforce challenges within the care sector. Funding for the Hub was initially secured from the NHS Kent and Medway and additional funding from KCC. The Hub also accesses funding from Skills for Care, Health Education England and other sources to support and develop the sector workforce.

The Hub, working with various partners, supports the external care market to develop registered managers, improve quality in care, identify recruitment and retention solutions, provide training opportunities and seek out innovation. All this activity will ensure the social care market is of quality, sustainable and adaptive enough to change, as required by the Care Act 2014.

The Hub works in partnership with Care Providers, Skills for Care, Kent Integrated Care Alliance (KICA), CQC, Health Education England, Kent & Medway ICS's & local NHS partners.

The aim of the Hub is to establish an integrated, sustainable, confident, competent workforce, supporting quality care provision and workforce support through:

- Learning opportunities, developing new ways of working with a focus on outcomes and increasing apprenticeship numbers within the sector
- Developing career pathways, new roles for the future and a sustainable supply of workforce
- Supporting the sector to innovate and utilise technology
- Developing leaders, managers, nurses and team leaders
- A health and wellbeing support package