

# Southampton City Council Final Market Sustainability Plan (March 2023)

## Section 1: Assessment of the current sustainability of local care markets

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

We have developed this document using a range of resources and information, including:

- Southampton [Data Observatory](#)
- CQC Information
- Local Quality & Safeguarding feedback
- Contract monitoring data
- Formal and informal feedback from care providers, including via Hampshire Care Association

Southampton City Council recognises the key role that residential and nursing homes play in the local health and care system. Although the overall direction of market development is towards supporting people to remain in their own homes for as long as possible, we nonetheless realise that significant amounts of residential and nursing provision will be needed into the future, particularly for those with the most complex needs.

Southampton is significantly different than most other local authorities in the South East, particularly Hampshire, in terms of population demographics, wealth and health status. As an example of this, a recent study by the Council's Public Health team looked into GP data and found that by 60 to 64 years a third of residents in Southampton have 3 or more long term conditions. This increases to 6 long term conditions by 80 to 84 years. This shows that long term conditions in Southampton occur significantly earlier in the life course of people that live in the City as compared to neighbouring areas.

#### The Current Market Position

In Southampton there are 31 care homes which mainly support residents aged 65 and over, 9 of these homes primarily provide nursing care and 22 provide residential care without nursing.

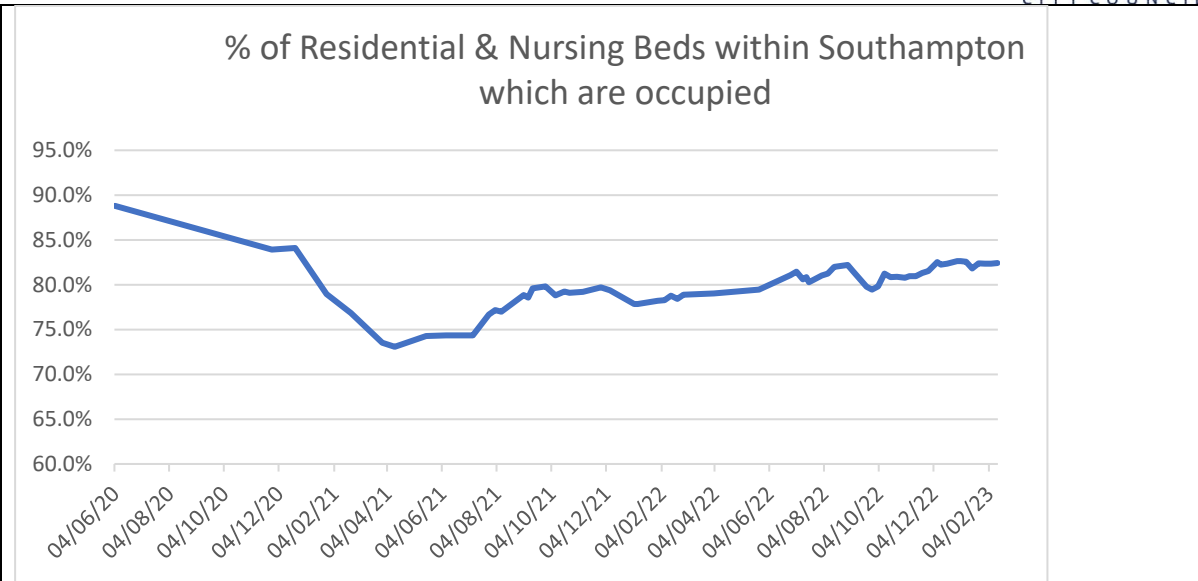
**Table 1 – current care home bed data**

Type of Home	CQC registered beds	Occupied beds	SCC Funded Beds
Residential	562	460	222
Nursing	582	476	145
<b>Total</b>	<b>1,144</b>	<b>936</b>	<b>367</b>

(Source: Capacity Tracker @ 13/02/23 and Care Director service provisions @ 27/01/23)

The above data shows that occupancy levels are currently at 82% for both residential and nursing homes. The graph below shows the overall average occupancy levels over the past two years. Current occupancy is at the highest level since December 2020 and is continuing to show a gradual increase.

*Graph 1: Care Home Occupancy (June 2020 – February 2023)*



The Council commissions around 39% of the beds currently occupied in Southampton (48% in residential homes, 30% in nursing homes).

The Council also funds 114 placements in homes outside of the city (although the majority of these are within 10 miles of the city boundary). This represents 24% of all older person's care home placements (33% of nursing, 16% of residential). Whilst there are a range of factors which affect where a placement is made, one of the main factors is high complexity of need (including behaviours that challenge associated with dementia as well as the need for specific clinical support). Homes in Southampton sometimes do not feel able to support individuals with these complex needs, hence why some placements are made outside of the city. This illustrates the need for the Council to support homes in Southampton to develop their service offer to be able to support individuals with complex need.

A residential and nursing needs assessment was completed in November 2021 and concluded that there is already sufficient residential provision in the city to meet needs until at least 2030 but that there is a need for around 95 extra nursing beds by 2025 and a further 118 extra beds by 2030.

Half of the care homes in Southampton have under 30 beds and only one third of homes are purpose built, most of which are nursing homes. Only 14% of the city's residential homes are purpose built; the vast majority having instead been converted from general housing. Whilst the quality of care in these homes is not a concern, their long-term stability is a risk as some are coming to the end of their suitability as modern care homes and lack the ability to meet the higher expectations from residents, families and CQC, (e.g. having en-suites or wet rooms as standard).

43% of Southampton care homes operate individually and are not part of any larger company or chain and 27% are part of local or regional companies. Although only 30% of the city's care homes are part of national companies, they account for more than half of the beds in the city, rising to over 80% of nursing beds.

**The Self-Funder Market**

The needs assessment completed in November 2021 estimated that self-funders utilise around 34% of care homes beds in Southampton (43% for nursing, 23% for residential). These figures were calculated by taking into account the total beds occupied and subtracting the number of beds commissioned by the Council, by the CCG and by neighbouring local authorities. This broadly aligns with the ONS estimate that 31% of Southampton care home beds are utilised by self-funders.

**Workforce Challenges**

In February 2023, 1,242 staff were reported as working in the 29 Southampton care homes for people aged 65+.

In the past year, the number of care workers has increased by 2.8% (34 more staff in real terms). However, agency staff usage (and associated costs) has remained high at 7.2%.

Care homes are regularly advising commissioners that recruitment of new staff and retention of existing staff is very challenging currently. They report the main reason for this is the relatively low pay rates (the current average care home pay rate is around £10.55 per hour) but other factors include burnout from the pandemic, associated negative perception of working in social care, lack of career progression and increased pressures because of staff shortages. Separate feedback from job seekers via Job Centre Plus supports this, with anecdotal feedback indicating that people can find employment in other sectors of the economy (particularly retail & hospitality) at higher pay rates, better conditions and lower job responsibilities.

Skills for Care data for Southampton shows that the turnover rate in adult social care (for all care types, not just older person's provision) was 31.5% in 2021/22 with 73% of people who moved jobs remaining within the sector. In real terms, this means that around 500 people (9% of the total workforce) decided to leave the adult social care sector completely in 2021/22. Feedback from care homes suggests that the turnover rate has remained high since then.

Aside from the issues described above, many care homes report difficulties in recruiting and retaining registered managers. This is thought to be mainly due to the high responsibilities of the role and the impact of the pandemic on manager wellbeing.

#### **Service Quality**

24 out of the 31 care homes are currently rated Good with CQC, 7 are rated as Requiring Improvement. These seven homes contain 27% of the beds in Southampton.

Local quality data shows that one care home is currently subject to formal safeguarding action and in the past year only one other home has needed this level of intervention.

The local integrated quality & safeguarding team have highlighted training for new Registered Managers as an area requiring further development, in particular leadership skills. They also highlight the increased complexity of resident needs, and the associated high expectations of staff skill sets, particularly in residential homes without nursing where there is no permanent clinical backup support.

#### **Fee Rates & Commissioning Arrangements**

The Council commissions around 250 residential placements for residents aged 65+ and around 230 nursing placements. There are two long term block contracts totalling 100 nursing beds but other than this all placements are 'spot purchased', albeit against the Council's standard terms and conditions for residential and nursing. The Council also runs one residential home for people aged 65+ which has 32 beds.

The average fee paid by the Council for over 65 residential provision in 2022/23 is £830.94 per week.

The average fee paid by the Council for over 65 nursing provision in 2022/23 is £1,027.37 per week. After including FNC this gives a total current average cost of £1,236.56

#### **Delays to Charging Reforms**

The government have confirmed that the planned charging reforms for adult social care are being delayed until October 2025. This means there is still likely to be a differential between the rates which local authorities pay care homes and those paid by individuals who self-fund their care. Homes with high numbers of self-funders will therefore not yet be impacted although that is still expected to be the case when the reforms are implemented.

#### **Overall Analysis of Market**

The care home market in Southampton is in a vulnerable position currently. The day-to-day challenges of recruiting and retaining staff as well as responding to increasing complexity of resident need mean that provider long term planning is limited. For residential care without nursing, there is sufficient provision already in the city, however, some of this will need to adapt or be re-provided to remain viable and meet the requirements of a modern care home. There is a need for more nursing home beds in the city and the Council is actively exploring options to support development of this.

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

Home care services play a crucial role in the local health and care system. Whether support is provided in people's own homes or through extra care, home care can support people to maintain their independence and maximise their wellbeing. In the future, the Council expects an increase in the need for home care provision which will require more staff as well as an ability to support people with more complex needs.

**The Current Market Position**

In Southampton, the Council has recently completed a tender for a new platform through which home care provision will be commissioned. Around 1,200 individuals currently have home care packages funded by the Council, receiving around 17,000 hours of care per week between them.

The average size of a package of care is currently 13.2 hours, this is 17% higher than before the pandemic. Around 180 people (15% of total) have double up care packages.

**Self-Funder Market**

As part of the Fair Cost of Care exercise, the Council asked home care providers to share information about the number of people who self-fund their care. 28% of people were reported as self-funders. The data received from providers indicates that self-funders on average received 8 hours of care per week compared to 13.2 for those whose care is funded by SCC. Therefore, although self-funders accounted for 28% of clients, they use only 14% of the care hours.

Other sources of data broadly concur with this figure but it will be reviewed regularly to identify any changes.

**Workforce Challenges**

The challenges of staffing in home care are similar to those of care homes. In the past year feedback has indicated that the situation is even more acute for home care providers however in the past three months the situation has improved with providers reporting an increase of 3.4% in the number of staff (67 more staff in real terms).

Home care staff generally work more independently than care home staff, often lone-working, and therefore tend to have more responsibility and less in-person support. In addition, the need to travel between visits and costs associated with this mean that some prospective staff are put off.

Current pay data shows that they are paid around the same amount as care home staff.

**Service Quality**

25 of the 26 home care providers in scope for the fair cost of care exercise have a CQC rating of 'Good' with one provider not yet inspected.

Local quality data shows that only one home care provider is currently subject to formal safeguarding action (a suspension).

Local feedback from the quality and safeguarding team mirrors that of care homes given above.

**Fee Rates & Commissioning Arrangements**

As described above, the Council recently completed a new tender for a platform to commission home care provision. This is a long term arrangement which should enable stronger links to be developed with the market and support providers will longer term business planning.

The average hourly rate for home care in 2022/23 is £19.80 per hour.

### **Overall Analysis of Market**

The home care market in Southampton is fragile however in the past three months there have been clear improvements with new packages of care being sourced quickly and waiting lists being almost completely eliminated. The needs of individuals requiring packages of care are increasing in complexity. This is reflected in the average number of hours for a package of care, which has increased significantly since 2019.

Whilst the newly commissioned home care platform is very new, we are optimistic that it will support the market with long term business planning and stability. The challenges of the pandemic and subsequent staff burnout, increased competition for workforce from hospitality and the service industry, and cost of living crisis remain very real, and we will continue to engage with the market to ensure sustainability into the future.

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

### **Local Market Development Plan**

The Council's broad direction of travel is to support the residents of Southampton to continue living in their own homes for as long as possible. The Council strongly supports the 'Home First' approach in terms of discharges from hospital. This will continue to be the case over the next 2.5 years and beyond with the likely impact that there is more demand for home care and a reduced demand for care home placements except for those with the most complex needs.

For home care providers this means that there will be increased demand and the average need complexity will increase necessitating higher levels of staff training and competency.

The Council is also planning to develop more extra care provision which supports people to continue living independently but with on-site care provision. Although this type of service takes a relatively long time to develop and build, we anticipate engaging with care providers at an early stage to obtain their input into the design and implementation.

We expect that the need for residential care without nursing will slowly reduce as more people access home care or extra care. In particular this will impact on homes which support individuals with less complex needs and they will need to adapt their provision to remain viable within the market. There is likely to be a similar impact on nursing home provision although to a lesser extent and this will be more than offset by the general population growth and increasing need complexity. Nursing homes will need to consider how they adapt to be able to support residents with increasing complexity of needs, in particular behaviours that challenge relating to dementia as well as multiple health needs that require close monitoring and management.

The impact of all of the above on workforce means that there will be a need for more care staff, both to be able to support more people (in home care) as well as to provide higher staffing ratios (in both home care and care homes). Given the workforce context described in section 1 this will be a major challenge to ensure that we have the right number and competency of staff to deliver the care needed in the future. The Council considers this the number one risk to market sustainability over the next 2.5 years.

## **Section 3: Plans for each market to address sustainability issues identified, including how fair cost of care funding will be used to address these issues over the next 1 to 3 years**

**(a) Market Commonalities**

**Use of Market Sustainability Funding**

The information below is applicable to both the 65+ care home and 18+ home care market.

In 2022/23, the Council has used 75% of the market sustainability funding alongside existing inflationary budgets to provide fee uplifts to support care providers with significant inflationary cost pressures.

The 2023/24 funding will also be used to support with inflationary cost pressures, in particular the increase in National Living Wage and high rate of inflation.

**Other Market Sustainability Support**

The Council has developed a new [Market Position Statement](#) for the ageing population and is publishing it alongside this Market Sustainability Plan. We intend to have further discussions with the market as well as individual providers about the implications of these documents and the future commissioning plans.

The Council intends to continue its close working relationship with Hampshire Care Association which has transitioned from focussing on urgent pandemic related issues to more long-term support and planning for the sector. All local care providers are encouraged to join the association so that it can benefit from the most input and ensure it is fully representative of the local market.

Whilst staff pay rates are considered the most significant factor in combatting workforce challenges, the Council recognises that there are a much wider range of factors which also need to be addressed. That is why the Council has a dedicated post to work with the market to understand and share good practice as well as support with non-pay related workforce challenges. This includes (amongst other things) regular provider forums and information sharing, signposting to wellbeing resources, provision of independent counselling support for care staff, Safe Space support groups for Black and Asian care staff and linking providers with potential employees via Job Centre Plus, local colleges and the Council's own Employment Support Team.

The Council feels there are good relationships in place with care providers in Southampton as well as with Hampshire Care Association. We intend to continue strengthening this level of trust and understanding which will be mutually beneficial. Providers should have a clear expectation that they can express concerns or issues openly to commissioners and that these will be considered and responded to quickly. Commissioners expect providers to engage with future market development plans. Whilst it is likely there may be some difficult conversations, particularly with providers who are reluctant to change or adapt their service offer, the Council believes these are necessary to ensure a sustainable market in the future which can meet the growth in demand from the population as well as increase in complexity of needs.

**(b) Issues specific to the 65+ care homes market**

Beyond the issue of workforce capacity, the key risk for the local care home market is the increasing complexity of need and resultant impact on care home provision. Those providers whose facilities are older or less able to be adapted will find it harder to maintain a sustainable business. This will be further compounded if they are not willing to adapt their service offer to be able to support residents with more complex needs. For residential homes, there is forecast to be no need for additional bed capacity in the next 5-10 years which means competition between homes may become stronger and those with older facilities/service models may struggle to remain viable.

The Council is keen to work with all homes to consider how they might adapt their provision.

**(c) Issues specific to the 18+ domiciliary care market**

Given that providers have recently tendered new rates as part of the new home care platform, we expect that they will be in a stronger place to respond to current and future needs.

The Council has a clear objective to develop more housing with care provision, including in the form of extra care for older people with care needs and will engage with housing developers and care providers who are interested in this kind of provision. A recent [Market Position Statement for Housing with Care](#) describes in more detail what the Council proposes to develop and how this will be commissioned.