

Royal Borough of Kingston Upon Thames

Market sustainability plan

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

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

Background

The Royal Borough of Kingston upon Thames (the Council) is a borough in South West London. In 2021 the borough's population was 168,000 - this is an increase of 5.0%, from around 160,100 in 2011. This is lower than the overall increase for England (6.6%) The population aged 65+ in the Council is growing at a faster rate than the adult population in the Council as shown in the table below, which is based on GLA projections.¹

| | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|----------------|---------|---------|---------|---------|
| 65+ Population | 26,148 | 26,793 | 27,529 | 28,177 |
| % change | | 2.47% | 2.75% | 2.35% |
| 18+ Population | 142,964 | 144,614 | 146,098 | 147,648 |
| % change | | 1.15% | 1.03% | 1.06% |

Council budget and MTFS:

The Council manages its resources and capacity continuously to discharge its Care Act duties. However this is within the backdrop of significant financial challenges which has now been amplified by the latest national inflationary crisis seeing rises in inflation not seen in over 40 years, eroding the Council's purchasing power and the value for money. Inflation continues to be a challenge, driven by the post-pandemic economic environment, the war in Ukraine, and restricted gas supplies, meaning that global uncertainty is having a significant impact on the UK. This situation is being echoed in many other London Boroughs facing the same challenges as well as authorities throughout the country.

Overall the financial context in which the Council is operating has been uncertain for a number of years due to the short term nature of the recent spending reviews. This uncertainty has been exacerbated by the national economic situation, and the changes in key Government policy changes recently throughout the last financial year 2022/23. Whilst we welcome the need to look at long term transformation and reform of Adult Social Care, there are added challenges on the council in making sure that there is a sustainable offer to meet the needs of the residents in Kingston. There is an increasing demand from residents with more complex needs, people living longer, which is putting added pressure on the available Adult Social Care budgets year on year, including continuous workforce challenges. This is explained in detail in the sections below.

¹ Interpolated from annual projections available here: <https://apps.london.gov.uk/population-projections/>

The council budget proposal for 2023-24 to 2026/27² has a greater focus on continuing to provide essential support for the most vulnerable residents, while meeting the financial pressures from the national economic crisis, rising demand and ongoing insufficient government funding. Despite the national economic pressures and spiralling demand for essential support, the government has reduced Kingston's central grant from £66m in 2010 to almost nothing this year. However, whilst the final Local Government finance settlement for 2023-24 was more generous than many, it still does not provide the certainty we require to forward plan effectively in the longer term. The funding indications for the following year 2024/25 have also proved useful in forecasting the Medium-term financial position but again these assumptions do not continue past 2024/25. The 'Fair Funding' review also known as the Review of Relative Needs and Resources will not be implemented in the current Parliament and therefore will be delayed again causing further uncertainty around funding for Kingston.

Kingston continues to rely primarily on what it receives from council tax and business rates. In addition, Kingston's effective financial management in recent years and clear plans for the future mean the borough is in a stronger position than many to face the tough times ahead. The council needs to focus on how it spends the money it has, to ensure it can continue to improve the lives of the people who rely on its services most.

Current sufficiency, diversity, quality and workforce

There are a total of 933 care home beds for the over 65+ age group within the borough providing a diversified supply. However it is worth noting about 33% of these beds are not affordable to the Council because of the price, these solely caters for the 'luxury' care home market. These beds are utilised only on rare occasions by the Council with the arrangements where the service user (or family) is willing to pay the fee difference i.e. top-up. The Council recognises the increase in need for more affordable care home beds within Kingston, including the complex needs placements. In Kingston, there are no in-house services, instead the care home beds are commissioned mainly as spot contracts, other than a very small number of medium term block beds. Over the winter months the Council has worked jointly with the South West London (SWL) Integrated Care Board (ICB) and utilised the grant funds made available by the government to purchase short term block contracts to help secure guaranteed supply. There is positive learning, for example the commissioned D2A (Discharge to Assess) block bed contracts have delivered cost efficiencies and a good supply of bedded care facilities over the winter months.

The Council aspires to meet the needs and preferences of individuals, each care placement is commissioned on its own merit. There is greater focus on making care placements within the borough but on occasions they are placed out of the borough; this is mainly to meet personal preferences, and on other occasions where there is no affordable capacity within Kingston.

Kingston Council has recently built and commissioned a new 80 bed dementia care nursing home specialising in supporting complex needs clients, the home is now operational, and the Council is working with the care provider to increase the utilisation

The budgeted spend for 2022/23 is as below;

²

<https://moderngov.kingston.gov.uk/documents/b21026/Budget%20Pack%20-%20Medium%20Term%20Financial%20Strategy%202023-2027%20Detailed%20Budget%20202324%20Tuesday%2007-Feb-202.pdf?T=9>

| Type of service | Spend (£ '000) |
|--|----------------|
| Care homes without nursing (Residential) | 5,051 |
| Care homes with nursing (Nursing) | 6,053 |

The Council operates guide prices for care homes, but has found it increasingly difficult to place at these rates. This has resulted in most placements being commissioned at a significantly higher weekly rate while some placements are made out of borough. Looking at the current market share of placements, all residential care and over 85% nursing care are at higher weekly rates than the current guide prices. The prevalence for this is due to a combination of factors e.g. cost of living, higher energy prices, challenges in recruitment and retention of a skilled workforce. These are common pressures seen nationally. Locally there are increased pressures in recruiting staff in some hard to reach postcode areas, and higher property prices compared to other London boroughs. Kingston property prices are slightly above the London median prices (£530k median relative to £510k median) and higher than nearby local authorities in North Surrey.³

The overall quality of care homes within Kingston is good, 75% of care homes are rated good or outstanding by the Care Quality Commission (CQC) and no home is rated inadequate. At present 62 % of our service user placements are with providers that are rated good or above. The care home market in Kingston shows limited signs of being concentrated with the top seven providers each accounting for only 6.2% to 7.6% market share and representing under 50% of the market.⁴ There are 58 different care home providers the Council commission services from at present - this is a mixture of both in borough and out of borough homes.

It is important to note the rates paid for care homes with nursing are lower than the rates paid for residential care homes without in Kingston. This is a reverse dynamic compared to most London regions. It is worth noting the care homes with nursing received Funded Nursing Care (FNC), which currently is £209.19 pw. This means, when considering gross costs (i.e. with FNC) the weekly rate for homes with nursing is slightly higher. This difference was queried as part of the FCOC data gathering exercise and providers are clear that the cost to deliver care is similar apart from cost for nursing care element. In addition to this the Fair Cost of Care (FCOC) data gathering has suggested there is no funding differentiation between services for standard and dementia care types.

The Council's administration has a commitment to guarantee that all residents who meet Care Act eligibility criteria are offered care in a home rated good or outstanding by CQC. This policy is in line with the Section 5(1) of the Care Act 2014 that the Local Authorities must promote an efficient and effective care market servicing for meeting the care and support needs, with a view to ensuring that any person in its area wishing to access services in the market has a variety of providers and high quality services to choose from.

The Council has prioritised delivery of this duty with investment in Adult Social Care Market Management functionality. This function consists of three different teams; the

³ Based on recent ONS data available here:

<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/medianhousepriceformationalandsubnationalgeographiesquarterlyrollingyearhpsadataset09>

⁴ The resulting measure of concentration (based on the HHI) is below the Competition and Markets Authority measure of a "moderately concentrated" market. See p49 of:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1075230/State_of_Competition.pdf

Commercial team, Quality Assurance team and the Brokerage team. Each team has a distinctive area of work and has dedicated resources focusing solely on improving and maintaining the care market sustainability and delivering cost efficiencies in order to achieve better value for money for Kingston residents. The Commercial team is focusing on supporting the providers to meet contractual obligations, to be sustainable and where possible to grow their business in Kingston. The team plays a key role by commissioning adequate supply to meet local needs and overall market sustainability, working in collaboration with health and social care operational leads and care providers. The Quality Assurance team supports the providers to deliver good quality services across the sector - they have adapted a multidisciplinary approach to monitor, support and manage the quality of the care market. The team works proactively to support care provider managers and staff, and as required provide reactive support where there are concerns of poor service quality. Kingston Council's Care Governance Board is a monthly multidisciplinary meeting with representation from Care Quality Commission, Health partners, Healthwatch and council's operational teams to review and make decisions on ways to support and monitor care market sustainability and quality. The Brokerage team has built good professional relationships with the market and placements are made working in collaboration with the Council's Operational Social Work team and care providers.

The Council works in association with South West London (SWL) partnership, which is a collaboration of Croydon, Kingston, Merton, Sutton, Richmond and Wandsworth councils. The boroughs have recognised there are many common elements such as access to the same care market and care workforce. The boroughs worked closely in undertaking the FCOC exercise and developing the provisional Market Sustainability Plans. In doing so, the partnership have shared learning on methodologies, coordinated their approach to engagement with providers, had regard to one another's median costs of care, and developed a shared understanding of the risks, issues and opportunities regarding care market sustainability across the sub-region. There is commitment to continue to work together to develop as consistent as possible on an overall strategic direction to support a sustainable care market across the sub region, taking collective action where appropriate while also recognising the need for local level decisions and action.

The SWL partnership is also working together to support the care provider workforce - this work is in the areas of the recruitment, retention and upskilling and career development of the workforce. The Social Care Institute for Excellence (SCIE) was commissioned to carry out a horizon scanning exercise on workforce needs across the region, and the **South West London Social Care Workforce Strategy 2022 – 2025**⁵ is now in place . The partnership has recently formed the SWL Social Care Workforce Academy hub - the aim of the hub is to support Londoners hardest hit by the pandemic to get skills, experience and good work, thereby increasing recruitment and retention of staffing at the care sector. There are ongoing discussions and planning on how best to take the work forward to support the care provider workforce within SWL.

Kingston Council became an accredited London Living Wage (LLW) Employer by the Living Wage Foundation in 2019. Signing up to the Good Business Charter demonstrates the Council's commitment to ethical and good quality ways of doing business, with suppliers, residents, partners and staff. The Council encourages all commissioned care home provider services to pay LLW. Although this is currently not part of all care homes contracts the Council expects providers to adhere to the Good Business Charter.

⁵http://southlondonpartnership.co.uk/wp-content/uploads/2022/12/SWL-Social-Care-Workforce-Strategy_final.pdf

Impact of delays to charging reform

In the short-term, delays to charging reforms are assessed to have been helpful for managing pressures of market sustainability. It would have been relatively difficult introducing additional market reforms in 2023 given the existing uncertainties around sustainable commissioning rates caused by high inflation in 2022 and 2023. By postponing until 2025, it is now possible to focus firstly on reaching a sustainable path on a business-as-usual basis before then introducing reforms that will require significant market adjustments.

Looking ahead

The Council acknowledges that the current guide price requires reviewing, this is because the rates paid for care home placements at present are much higher. The outcome of the FCOC exercise has also identified a gap between weekly costs paid for commissioned services and the median rates.

| Type of service | Current guide price | Commissioned rates paid* | FCOC median rate estimates |
|----------------------------|---------------------|--------------------------|-------------------------------|
| Care homes without nursing | £726 pw | £876 pw | £1116.00 pw |
| Care homes with nursing | £749 pw | £817 pw | £1226.35 pw (excludes FNC) |

*Average rates are for care packages between Apr22- to date for in borough placements

However it is important to note that the Council is working to a challenging financial outlook. The FCOC information represents 37% of overall care home providers within scope - this means the data submissions are not a full representation of the care market. The FCOC median rate represents a significant uplift to the current average rates paid - this rate is not affordable in the short term nor sustainable within the MTFs. The Council recognises the median rates calculated; this information is used as per the guidance issued by DHSC to support the local decisions to enable sustainability.

The local demand for care home beds is consistent throughout the year and is projected to increase over the years in line with the upward trend predicted for people 65+ years. The local knowledge from the Operational and Commissioning teams is that the care providers are increasingly struggling to make further cost efficiencies to their business models. This has seen providers make difficult decisions on reducing the operational costs to make cost efficiencies, potentially impacting the quality of service delivery. On some occasions the Council has seen providers threatening to hand back care packages due to increased financial difficulties. There is a risk of provider failure and providers exiting the care market. Locally, we have seen some providers solely supporting the self-fund care market - thus pricing out the Council and reducing the number of care beds available for Council funded placements.

In light of this, the Council has recognised the need to support the market sufficiently and on a timely basis. Please refer to section 3 of this document for more information.

Demographic change

In looking ahead, it is important to also consider demographic change. ONS Population Projections suggest the over-65 population in the Council will grow around 2.4% in 2023 and 2.9% in 2024.

Note:

At the commissioning rates discussed in Section 3, assuming demographic change translates one-for-one into additional demand for care homes, this creates cost increases for the Council's spending on care homes outlined in the table below.

Cost of demographic change for care homes

| | 2022-23 | 2023-24 | 2024-25 |
|--------------------------|---------|---------|---------|
| Residential | - | £0.407m | £0.479m |
| Residential with nursing | - | £0.400m | £0.470m |
| Total | - | £0.807m | £0.949m |

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

Background

Please refer to the background information explained in Section 1a.

Current sufficiency, diversity, quality and workforce

The Council's strategic direction is to support people who meet Care Act eligibility criteria requiring commissioned care and support services to be supported in the community as long as possible, and where possible at their own homes. To support this policy the Council has commissioned a framework for home care placements. The Care at Home Framework;

- opened in 2021,
- commissioned for 7 years to provide a stable supply within the borough,
- and to support certainty to the providers of a sustainable business
- designed to provide both reablement and standard home care (two separate Lots)
- framework has an option to reopen to onboard new providers as required - this is at the discretion of the Council and to fill any gaps in the market
- framework has an option to extend further by two years.

There are currently 23 providers, between these providers they provide a diversified care market to meet the needs of people in Kingston. There is a sufficient supply of home care hours across most postcodes areas within Kingston to meet the demand at present, other than very few 'hard to reach' postcodes areas where there is comparatively less capacity. This is mainly due to providers struggling to recruit in these areas within Kingston. There

are also a few dormant providers who don't actively deliver services currently. The Council's Commercial team is working with these providers to stimulate and encourage participation; the team is also running regular market stimulation exercises e.g. upskilling, contract management meetings etc. with providers to encourage working across all postcodes thus increasing the overall supply.

At present the Council places nearly all new commissioned homecare placements via the framework. This is also the preferred approach to commissioning home care. The Council has successfully secured a high number of home care agencies to the Care at Home Framework. Overall there is a good level of capacity across all post code areas. There are over 1,000 care packages that have been accepted since August 2021 by the framework providers. There has been good engagement by the framework suppliers via the framework.

There are a handful of home care providers who have not onboarded to the framework but continue to deliver commissioned services for some historical commissioned care packages. These contracts operate as SPOT contracts. There are various reasons for not onboarding e.g. provider preference, focus on self funder market. The Council continues to engage with these providers. The quality of the services delivered by these SPOT providers continue to remain satisfactory. The Council's Commercial team and the Quality Assurance team are working with these providers to maintain the quality and to make sure they continue to meet contract obligations and CQC registration requirements. The Council's longer term vision is to gradually reduce spot placements. These spot providers shall also have an opportunity to join the framework when it reopens.

The overall quality of Kingston's homecare market is good, there are 62% providers rated Good or Outstanding by CQC. At present 67% of our service user placements are with providers that are rated 'Good' or 'Outstanding' by the CQC. As stated in section 1a, the Council's Commercial, Quality Assurance and Brokerage teams are working with providers to make improvements to quality of care delivery, and to manage the workload, so they are allowed time and space to expand and make required improvements to continue to deliver good care.

Whilst the homecare market is relatively concentrated with three providers covering more than 50% of the council's market share, the framework offers a rotational placement policy allowing all framework providers equal opportunity for Council funded business.

The framework currently offers a flat rate of £17.50 per every care hour delivered, this is a competitive rate compared to the SWL sub region. This rate paid is a sustainable rate for Kingston to receive better value for money for commissioned services. The framework continues to provide a sustainable service offer and there has been little evidence that the market is struggling with the rates paid. This could be partly due to the home care market being concentrated and the number of hours delivered by providers compensates the cost of care delivery - the Commercial team is working with providers to further understand and to stimulate the framework so as to have the maximum throughput of the framework.

There is a standard annual inflation built-in to the framework contract to increase provider hourly rate by flat 25p. This inflationary uplift has been honoured year on year. As a whole this process has been working well over the last years and providers are supported to remain financially sustainable.

The Council's ASC Market Management team is providing proactive support to homecare providers to sustain the quality of the service delivery. The support offer is identical to the Care Homes services as explained above in section 1a.

Kingston Council as an accredited London Living Wage (LLW) Employer, has made a commitment to pay LLW for home care staff, this commitment is built into the Home Care Framework contract. All providers in the framework are paying a minimum of LLW to all of their employees.

Impact of delays to charging reform

In the short-term, delays to charging reforms are assessed to have been helpful for managing pressures of market sustainability. It would have been relatively difficult introducing additional market reforms in 2023 given the existing uncertainties around sustainable commissioning rates caused by high inflation in 2022 and 2023. By postponing until 2025, it is now possible to focus firstly on reaching a sustainable path on a business-as-usual basis before then introducing reforms that will require significant market adjustments.

Looking ahead

The Council is committed to continue to implement the strategic direction to support people who meet Care Act eligibility criteria requiring commissioned care and support services to be supported in the community as long as possible. Therefore it is vital the Council's home care framework remains active and sufficiently meets demand in the years to come. This includes existing framework providers remaining in business and growing their businesses within the Council, and that the Council actively encourages new providers to join the framework periodically to meet the demographic growth demands.

The Council acknowledges that any increase to the current hourly rate would benefit the home care framework. The outcome of the Fair Cost of Care (FCOC) exercise has identified a significant gap between the current framework hourly rates paid (£17.50) and the FCOC assessment median rates (£22.22).

Demographic change

Looking ahead, it is important to also consider demographic change. GLA population projections suggest the over-65 population in the Council will grow around 2.4% in 2023 and 2.9% in 2024. At the commissioning rates discussed in Section 3, assuming demographic change translates one-for-one into additional demand for homecare, this creates cost increases for the Council's spending on homecare outlined in the table below.

Cost of demographic change for homecare

| | 2022-23 | 2023-24 | 2024-25 |
|------|---------|---------|---------|
| Cost | - | £0.150m | £0.173m |

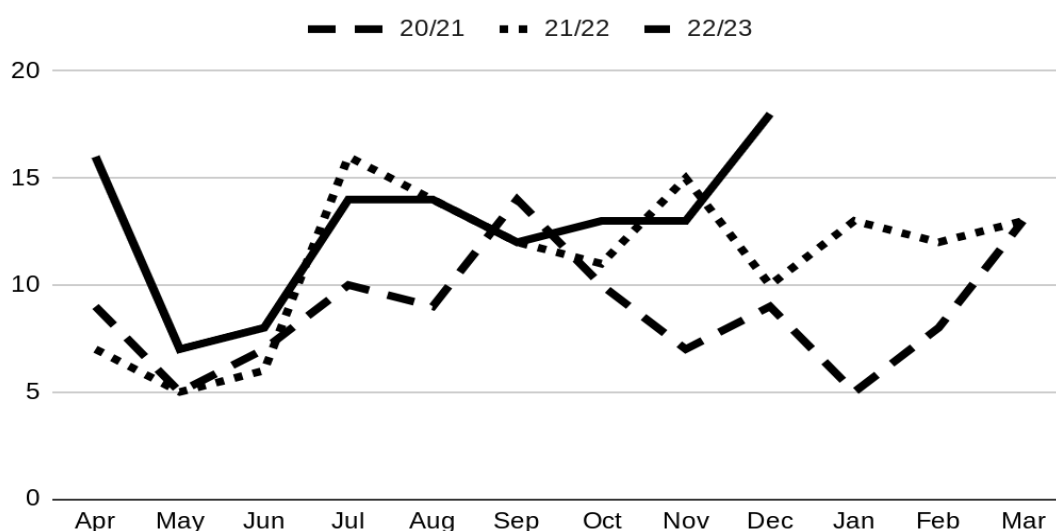
Section 2: Assessment of the impact of future market changes between now and October 2025, for each of the service markets

The Council has an ASC reform programme group where work is being actively progressed to assess reform impacts on workforce and market, charging, assurance and the Fair cost of Care.

The outcome of the FCOC work is published in the Council's Adults Social Care website <https://www.kingston.gov.uk/adult-social-care>. There have been provider engagement events to share and discuss the FCOC findings and council's approach to uplifts. The Care Homes workshop was held on 24th January and 15 (out of 33) providers were signed up. The Home Care workshop was held on 23th January and 21 (out of 23) providers were signed up. The information shared at the sessions were distributed to all providers subsequently to further encourage the engagement.

All the new care home placements over the age of 18+ (including Discharge to Assess (D2A) placements)

There is an upward trend in demand for new care home placements within Kingston. This is mainly due to the increased number of D2A placements and complexity of the care needs requiring a 24 hour bedded facility. The table below provides a comparison of the number of commissioned services by the Council for the period 2020 to 2023. To address this pressure in the winter 2022 the Council, in partnership with SWL Integrated Care Boards (ICB), has commissioned additional bed capacity. This is only a short term measure until March 2023 and was funded through the government's Adult Social Care Discharge fund, Winter fund and the additional £200m hospital discharge fund. The Council recognises that these funds were only until March 2023 and are predicting increased pressures in the Adult Social Care operational budget post April 2023. This funding gap is a periodic issue; Council senior leaders are lobbying this via regional and London Commissioning networks. There are also ongoing discussions at SWL level to identify ways to address the wider system pressure in the medium to longer period. The government has since awarded market sustainability and improvement fund and discharge fund which the Council will use to address the funding gap.



*based on data as at 23 December 2022 for longterm and D2A placements

Lack of affordable care home beds

There are 33 registered care homes in Kingston, out of these only 7 cater for complex care needs. The Council currently has placements with only 8 out of the 33 care homes due to affordability. This leads to significant pressures on capacity. As a consequence in 2022/23, the Council made a quarter of placements out of the borough to meet the demand. This is not unique to Kingston, instead it is a regional and a national issue. Discussions with the care providers has revealed that there are many reasons for the lack of supply e.g skilled staffing, lack of facilities, providers reporting lack of longer term commitment from councils and CQC and other regulatory pressures and potential reputational damage.

| | Total new placements | In borough | Out of borough | % In borough | % Out of borough |
|--------------|----------------------|------------|----------------|--------------|------------------|
| Apr-Dec 2022 | 115 | 89 | 26 | 77.39% | 22.61% |

Discharge Pressures

We are experiencing a significant increase in placements in 2022-23 as a result of continued government drive to release hospital beds. This is an average of 4% increase compared to previous year for care homes placements, and 5% for home care. If the same upward trend is assumed for the period from now until 2025, the Council is predicted to incur significant cost pressures in both care delivery and associated staffing requirements. These new service users are presenting with more complex needs which lead to higher placement costs.

Permanent and D2A placements in care homes

| | 2020-21 | 2021- 22 | 2022-23 | 2023-24 | 2024-25 |
|------------------------------|---------|----------|---------|---------|---------|
| No of packages | 370 | 372 | 387 | 402 | 418 |
| Year on year % increase | - | 0.54% | 4.03% | 4% | 4% |
| Care cost per annum (£ '000) | 10,984 | 10,707 | 9,414* | 13,054 | 13,576 |

*based on data as at 23 December 2022 for longterm and D2A placements

Permanent and D2A placements in home care

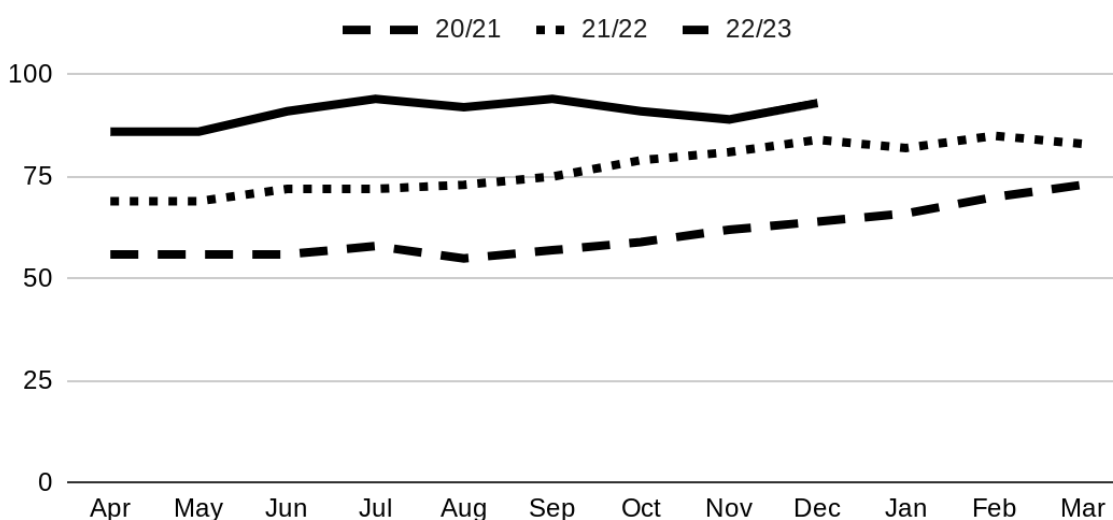
| | 2020-21 | 2021- 22 | 2022-23 | 2023-24 | 2024-25 |
|-------------------------|---------|----------|---------|---------|---------|
| No of packages | 516 | 513 | 540 | 567 | 594 |
| Year on year % increase | - | -0.59% | 5% | 5% | 5% |

| | | | | | |
|------------------------------|-------|-------|--------|--------|--------|
| Care cost per annum (£ '000) | 8,872 | 9,398 | 6,858* | 10,320 | 10,533 |
|------------------------------|-------|-------|--------|--------|--------|

*based on data as at 23 December 2022 for longterm and D2A placements

Placements specialising in support services for Mental Health needs (e.g. Supported Living)

Locally we see a steady increase in numbers with people with Mental Health needs who meet Care Act eligibility criteria and require commissioned services. Below table provides a comparison of the number of commissioned services by the Council for the period between 2020 - 2023. This is a known gap the Commissioners and Operational leads are working in collaboration to address. We are exploring options to reopen the Supported Living Framework for working age adults which will increase the local supplier capacity.



*based on data as at 23 December 2022 for longterm and D2A placements

Homecare local market analysis

There are increasing levels of localised risk for the home care sector; the care providers are finding it harder to recruit and retain care staff in some postcode areas within Kingston and understand the pressures against sustainability due to increasing staffing costs.

Alma economics consultancies has completed a detailed analysis to understand the local home care market sustainability pressures looking at the long term trends in Kingston. This work has also factored the London Living Wage that applies for 2023/24 (up by 8.1%) The outcome of this work is recommending a rise of £1.50 per hour (to the nearest 25p per hour). to the homecare commissioning rates in 2023/24 to maintain sustainability Thereafter, a rise of around 75p per hour each year is recommended to meet historic trends in homecare fee rises and to achieve ongoing sustainability. The table below shows this profile.

| | | | |
|---------|---------|---------|---------|
| 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---------|---------|---------|---------|

| | | | | |
|---|----------------|----------------|----------------|----------------|
| Sustainable homecare commissioning rate in RBK, £/hour | £17.50 | £19.00 | £19.75 | £20.50 |
| Below table outline the budget gap in order to implement the recommendations; | | | | |
| | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
| Guide price per hour | £17.50 | £19.00 | £19.75 | £20.50 |
| Cost | - | £0.518m | £0.798m | £1.089m |
| Section 3: Plans for each market to address sustainability issues, including fee rate issues, where identified. | | | | |
| (a) 65+ care homes market | | | | |
| <p>The Council is taking below actions to address the immediate and medium term cost of care pressures;</p> <ul style="list-style-type: none"> - Agree a new guide price for in-borough placements within Kingston in order to increase the market share. The new guide price for 2023/24 is set at the 75th percentile of ongoing placements costs within the borough. This approach will provide the Council building towards a supply of beds at an affordable cost to help manage care provider market sustainability and manage budget pressures. - Yearly inflationary increases awarded shall be applied solely to care packages that are below the guide price and capped at the guide price. This is a proportionate increase to each care package rather than a standard uplift to the care provider. - There will not be an automatic inflationary increase to care packages above the guide price. This is because these placements are considered as sufficiently funded to meet the cost of care delivery. Requests for inflation for these care packages will be extraordinary and considered on a case by case basis as per the Council uplift process - Inflationary increase awarded will be subject to council financial affordability. - Guide price shall be reviewed annually proportionate to the national inflation forecasts. Any increase awarded this way will be subject to it being affordable to the Council. - The Council has utilised a part of the allocated Market Sustainability and Improvement grant fund awarded in 2022/23 to support the care home providers. This backdated increase is an additional fee increase over and beyond the inflationary increase awarded in 2022/23 and follows the same principle outlined for the implementation of guide price to achieve a sustainable market. - The Council aim is to achieve 75% of market share to be paid at the guide price over next 5 years starting with the additional inflationary increase awarded as | | | | |

above. This means for all current care packages below guide price would close the gap to the guide price approximately over 5 years.

- The Council is committing to utilise proportion of Market Sustainability grant funds made available in 2024/25 to continue to support the care home market to increase the existing commissioned rates towards the guide price - any increases using this funds will be proportionate and subject to and in line with the Council's financial affordability over the MTFs period and as per the strategic direction in commissioning care placements at the time
- For out of borough placements a similar approach shall be followed to award annual inflationary increases, this is taking the view the guide price is the maximum affordable benchmark rate paid to commissioned placements. Any package placed out of borough and above the guide price will be extraordinary and shall be looked at case by case basis.
- This approach would guarantee Council moving towards a good supply of care providers that accepts the guide price rates.
- Any new packages commissioned shall be in line with the new guide price, the Council will work with providers to commission most cost effective rates on a case by case basis. This approach will assure the council is maintaining the 75% of market share at the new guide price.
- Our approach meets with legal compliance and is inline with the Market Sustainability and Improvement grant fund guidelines.

The new guide price rate for 2023/24

| | |
|---|--------------|
| Residential care (without nursing) | £1,025.64 pw |
| Nursing care (with nursing excluding FNC) | £948.00 pw |

The table below shows the additional funding required to achieve this after factoring in population growth and based on an ongoing annual uplift of 3% assumed. This is shown relative to a baseline of holding commissioning rates constant. It should be noted that achieving this uplift will depend on funding levels provided by the central government and the Council's budget pressures. It is important to note with lower levels of funding increases it is expected to lead to taking more time to reach the guide price.

Cost of moving to transitioning to Guide Price rate over the years; no uplift for rates above the Guide Price; Guide Price increases by 3% per annum (Guide Price based on 75% of care home placements as of 2022-23)

| | 2022-23 | 2023-24 | 2024-25 |
|--------------------|-----------|-----------|-----------|
| Residential | | | |
| Guide Price | £1,025.64 | £1,025.64 | £1,056.41 |

| | | | |
|---------------------------------|----------------|----------------|----------------|
| Average rate paid ⁶ | £938.78 | £964.80 | £991.59 |
| Cost | £0.124m | £0.251m | £0.383m |
| Residential with nursing | | | |
| Guide Price | £948.00 | £948.00 | £976.44 |
| Average rate paid | £879.13 | £908.11 | £937.95 |
| Cost | £0.164m | £0.333m | £0.508m |
| Total cost | £0.288m | £0.584m | £0.891m |

Utilisation of DHSC Market Sustainability and Improvement grant funds received in 2022/23

- The Council has utilised the DHSC grant funds received in 2022/23 to make a proportionate increase to the provider rates that are below the new guide price and backdated this increase to 1st April 2022 - this increase was applicable only to services within Kingston
- Below table outlines how the grant fund has been utilised proportionately for implementation activities.

| Description | Amount (£) |
|--|------------|
| Alma Economics - Independent Consultants | 70,050 |
| Care homes - Without nursing | 128,846 |
| Care homes - With nursing | 164,000 |
| Home care | 24,000 |
| | 386,896 |

Winter, ASC Discharge and ICB Discharge funds

The Council is working in partnership with the South West London Integrated Care Board (SWL ICB) and the Hospital discharge teams to effectively utilise the Winter, ASC Discharge and ICB Discharge funds released by the central government to help improve hospital waiting times and to improve patient experience by facilitating efficient and timely hospital discharges. To enable this the Council has commissioned below;

- 65+ Care home short term D2A block beds for standard and complex care for both with and without nursing categories
- under 65 Care home short term D2A block beds for complex residential

⁶ The average rate paid differs from the Annex A submission, which was presented only for in-borough rates paid.

- 7 day assessment and discharge to care homes via incentive payments to care home management teams
- 7 day brokerage capacity over Christmas and new year period
- Increase in Occupational Therapy and assessment capacity within social work teams to support timely assessments of D2A placements
- 65+ Care home standard residential care block contract support medium to longer term demands

The Council shall take learnings from these programmes to enhance the residents experience in the future. The Council has already started planning for the utilisation of Discharge Fund and Winter funds for 2023/24; there is a partnership with the Kingston Hospital NHS Foundation Trust and SWL ICB. There is also an ongoing commitment by the SWL Councils' Commissioners group to work in collaboration to improve overall market sustainability across the SWL subregion footprint.

Complex residential and nursing care capacity

The ongoing demand analysing work has identified a shortage of affordable complex care beds for both with and without nursing categories within the borough. Often the beds made available are priced out of the Council's affordability. This is a common issue reported by many of the SWL and wider London boroughs. Locally, the Council is working with the care providers to understand pressures on capacity, infrastructure and skilled workforce and having enabling discussions encouraging the provider market to explore the possibilities. The Commissioning and Procurement teams are also exploring options to commission these specialised services at affordable costs.

Extra care facilities

Kingston council currently does not have any Extra Care services within the borough. This is a gap which has been identified as a future need and is currently being considered for potential growth options. However it is a longer term project, therefore in the interim the placements are either made in 24 hours support at a residential care setting or at a higher rate at living-in care services. Further work is required to analyse the exact demand and options - the Council is planning to complete a horizon scanning exercise to learn from best practise examples and to understand the local needs,

Technology Enabled Care

The Council's new Corporate Plan is currently being developed, this project strongly aligns with current **Corporate Plan (2019-2023)**⁷ that commits to *"Improve the way residents can access services by embracing new technology; investing in customer services; and making it easier for residents to book things, report activities and access services online, whilst providing alternatives for those unable to do so"* One of core transformation objectives is to be a Leading Council; with Kingston leading the way, developing a 21st century digital council with engaged citizens, innovative, streamlined and joined-up services that place residents at the centre of everything we do.

⁷ <https://www.kingston.gov.uk/downloads/file/6/corporate-plan-2019-2023>

The Council's **Digital Strategy**⁸ (2018-2021 draft) aims to harness the potential of data and technology to fundamentally redesign and deliver services in a different way as well as change the way the council connects and communicates with residents.

The Council's **Customer Fulfilment Strategy** aims to drive transformation and culture change across the Council, delivering customer-focused service design and digital innovation across all services.

Kingston's Adult Social Care & Health Service plays a leading role in delivering the Council's maximising independence portfolio. This programme is aimed at holistic support for the person with care and support needs, their families and carers to promote and maintain their ability to live independently for as long as possible.

Our **Health and Care Plan (2022-2024)**,⁹ developed through the SWL Health and Care partnership, focuses on four core areas of transformation:

- Accelerating our use of technology
- Promoting Independence
- Having The Right Place To Live
- Transitions and all Age Disability

To enable the above strategic Technology Enabled Care agenda, the Council has been running proof of concept (PoC) projects for 65+ population in the community and 18+ population in Supported Living Care settings over the past 18 months supported via the **NHSX Digital Transformation Fund**¹⁰. There is an ongoing culture change programme to support and enable the frontline workers to build confidence and promote use of technology enabled care solutions. Building on the success of these PoCs the Council is now looking to commission a Technology Enabled Care Strategic Delivery Partner to come onboard in October 2023 to work with us in shaping and delivering the Digital Strategy aims and objectives outlined above.

(b) 18+ domiciliary care market

The Council is taking below actions to address the immediate and medium term cost of care pressures;

- The Council continues to promote the strategic direction to support people to receive commissioned care and support services in the community as long as possible.
- The Council has commissioned the Care at Home framework with fixed hourly rate as a contract obligation - the rate paid at present is £17.50 per hour.

⁸

modern.gov/kingston.gov.uk/documents/s79674/ANNEX%201_%202018-21%20New%20Sutton%20and%20Kingston%20Digital%20Strategy%20Slides%20DRAFT.pdf

⁹<https://swlondonccg.nhs.uk/wp-content/uploads/2021/11/SWLCCG-Kingston-Health-and-Care-Plan-FINAL-1.pdf>

¹⁰

<https://transform.england.nhs.uk/key-tools-and-info/adult-social-care-digital-transformation/digitising-social-care-fund/>

- There is a commitment to increase the hourly rate year on year by a minimum of 25 pence per hour. This is built on to the Care at home framework contract. This increase has been awarded year on year.
- The Council shall continue to review the framework rates paid annually proportionate to the national inflation forecasts - this is to assure the inflation built on to the contract is sufficient and sustainable. Where required Council may consider additional inflationary increases over and beyond contract obligations, however such increases shall only be considered subject to the Council's financial affordability and in line with MTFS forecasts.
- In recognition of the cost pressures in flat 50p per hour (bringing the hourly rate to £18.00) effective from 1st April 2023. This is over and beyond the annual inflationary increase stipulated in the framework contract.
- The Council is committing to utilise proportion of Market Sustainability grant funds made available in 2024/25 to continue to support the home care market to increase the existing commissioned rates towards the guide price - any increases using this funds will be proportionate and subject to and in line with the Council's financial affordability over the MTFS period and as per the strategic direction in commissioning care placements at the time

The table below shows the additional funding required to achieve the proposed approach against a baseline of holding commissioning rates constant.

Cost of increasing homecare commissioning rates over 3 years

| | 2022-23 | 2023-24 | 2024-25 |
|----------------------|---------|---------|---------|
| Guide price per hour | - | £18.00 | £18.25 |
| Cost | - | £0.173m | £0.266m |

**From 1st January 2023*

Utilisation of DHSC Market Sustainability and Improvement grant funds received in 2022/23

- The Council has utilised part of the FCOC fund 2022/23 to increase the hourly rates home care providers. This increase is over and beyond the inflation already awarded in April 2022/23
- This is a one off increase of equivalent to flat 25p per hour awarded to the average total number of packages commissioned for the three months coming up to 1st January 2023; in other words this is equivalent to an hourly rate of £17.75 payment to average care hours delivered for the period 1st October 2022 to 31st December 2022.
- The table above (see section 3a) outlines how the FCOC grant fund is utilised.

Winter, ASC Discharge and ICB Discharge funds

As explained in section 3a, the Council is working in partnership with the South West London Integrated Care Board (SWL ICB) and the Hospital discharge teams to effectively utilise the Winter, ASC Discharge and ICB Discharge funds. The Council has commissioned below during the last winter period;

- 18+ Home care block contract hours purchased for all postcode areas to support hospital discharge pressures during the christmas/ new year period (1500 care hours)
- 18+ Home care hours funded to support D2A placements (1000 care hours)
- Short team 24-hour home care block contract (to support maximum of 3 people)
- 7 day brokerage capacity over christmas and new year period
- increase in Occupational Therapy and assessment capacity within social work teams to support timely assessments of D2A placements

Continuous development of the Care at Home framework

The Council continues to monitor the supply and demand for home care needs. The Care at Home framework has the option to reopen if there is lack of supply. At present there is sufficient supply for standard home care. The officers are continuing to develop the skills of the carers and support the care providers with recruitment and retention of the care workforce in order to further diversify the market to support the local residents needs.

Complex home care

The joint working between the Hospital Discharge teams, Council's Social Work and the Commercial team has highlighted there is a need for complex home care and complex reablement care at home. This is an area the Council is exploring to expand the supply; there is ongoing work with the existing framework providers to develop the understanding of the pressures at the provider end delivering services, and upskill the providers and their workforce. This is an area the Council will work on in the future to increase the capacity.