

## Milton Keynes City Council market sustainability plan

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

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

##### Assessment local market:

There are 47 care homes in Milton Keynes, of which 31 are registered to deliver to 65+ residential and nursing care (but 5 are primarily PD, or mixed).

Based on CQC registered care homes data, the total of CQC registered residential and nursing beds is 1355 beds.

MKCC has a block contract for 255 beds with Excelcare homes (distributed across 5 care homes), providing residential and nursing beds. The block is highly utilised, in addition and reflective of the current market 95% of all new placements are now made via a spot contract because of the block contract being full.

The council commissions in total **537 Care Home beds as of 1 March 2023.**

There is a concern regarding the sufficiency of supply to ensure continuity of care, especially for the 65+ dementia residential and nursing dementia beds, and nursing plus beds. MKCC is increasingly commissioning beds on the border of MK and in neighbouring authorities to manage this risk, especially for dementia residential and dementia nursing. The council is also exploring other creative ways to meet the need (such using live-in or supported living where possible).

MKCC is currently operating a waiting list for long term care beds, the areas of needs are Dementia with nursing, general nursing, and older Adult Mental Health beds. As a result, beds are being considered within a 50-mile radius of Milton Keynes. Direct Payments are being given and offered to family members to support with travel costs. The MKCC position has always been to place closer to home and to family members, due to the scarcity of local beds this is becoming increasingly difficult.

In Milton Keynes there is groups of OP, LD, PD care homes, and provision (residential, dementia residential, nursing and dementia nursing). There is also a variety of sizes, from small residential units and two care homes of 100+ beds. The care home market currently offers poor diversity, with a lack of beds for nursing both general and dementia, and for older adults who require Mental Health support. Due to the significant challenges with recruitment and retention of care staff, care continuity and training standards are frequently challenged, which impact on people's outcomes and quality of care. MKCC are looking at providers being able to access council training, this was accessible pre COVID-19. The current conditions, of a reduced care workforce impacts on workforce development.

Recruitment of both care staff and nurses continues to be challenging. MKCC is exploring international recruitment regionally via ADASS.

#### **CQC status:**

The quality of the local care homes is generally good, care homes - 90% are rated good or above by the internal Quality Compliance Team, CQC rate 76% as good or above. The difference is that not all have been rated by CQC to date.

Main concerns highlighted by the internal quality team are, and this is for care homes and home care:

- Quality and staffing issues, Staff support
- Quality of Management
- Medication Management
- Safeguarding and complaint handling
- Poor record keeping

MKCC Quality Team work with providers to improve to satisfactory standards, and this will continue as part of this sustainability plan.

#### **Care Home Development:**

MKCC is having discussions with several developers and Care Home organisations. There are plans to build a further 3 care homes across MKCC, the timeline is around 3-4 years for completion. MKCC are also exploring how strategic partnerships and alliances with care and housing providers to manage the shortfall would work, identifying that this does not always need to a paid and or commissioned relationships.

#### **Population:**

By 2040, the older person population locally is predicated to be 58,700 people. Which is 49% of the total population. This is higher than the national averages, as such MKCC are exploring innovation ways to keep people at home.

In 2012 there were 29,500 people aged 65 and over in Milton Keynes and this number is expected to increase by 82.8% to 53,900 by 2026. Furthermore, in Milton Keynes the population aged 85 and over is predicted to increase by 86% from 4,300 in 2017 to 8,000 in 2030.

In Milton Keynes there are approx. 1,600 people aged over 65 who currently have a diagnosis of dementia. In 2019 there were 79 people under age 65 with a diagnosis of dementia. The current cost of dementia care in Milton Keynes is £113 million and is expected to rise to £213 million by 2030.

#### **Local Carers Offer:**

The local carers offer now has an array of solutions to support informal carers in their caring role, the impact being they are able to care for longer within their own homes, reducing the need on care homes. The MKCC reablement team have gone through a period of transformation, with a focus on culture and providing practical care skills rather than a 'do for' approach, the impact is to support a reduction on the need for long term care options. Work is taking place to create an integrated approach to Hospital Discharge and Flow, with the use of virtual wards the impact being the ability to care for people within their own homes, safely.

#### **Recruitment:**

Due to the increased cost of living, and of staffing, the care home provision is becoming less profitable, and less attractive to investors. It is therefore unlikely that there would be a matching increase of care homes beds locally to the increase in the OP. This is anticipated to drive costs higher, therefore, to manage this risks services both Health and Social Care need to focus on prevention and community-based options.

#### **Cost of Care:**

Following the Cost of Care (CoC) exercise, it has become evident that the deemed CoC is lower than the Council Standard Rates. Milton Keynes City Council do not consider the median figures obtained to be useful as regards fee setting due to the data quality issues (as outlined in our Annex B report) meaning it is unclear to what extent the figures reflect the actual Cost of Care locally. However, due to the scarcity of the beds, the Council has been paying negotiated spot rates equivalent to CoC or higher, the fee rates are in excess of £800 a week for residential and exceeding £1100 per week for nursing. The minimum bed price paid locally is £670 per week.

MKCC are awarding providers an inflationary increase of between 9.06-9.79% for 2023-24. Our formula for calculating fee uplifts has been published as part of the Cost of Care reports, which shows a clear link to NLW/FLW and CPI to ensure transparency in how we uplift our fees on a yearly basis.

#### **Digital and technological care options:**

The Integrated Care Board with ASC as a partner have an established enhanced health in care homes project, which is addressing new technology solutions to deliver safe and effective care in care homes. This project has already made positive progress in enhancing equipment and digital data solutions in care homes.

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

#### **Assessment of Homecare:**

The home care market in Milton Keynes has been less problematic in terms of sufficiency and availability of supply. Following a recent set up of a new Dynamic Purchasing System for home care provision, the number of contracted providers has more than doubled within 1 year (**from 15 providers in 2019 to 38 active providers currently**). This has eliminated any waiting lists for homecare, however there is a limited number of specialist providers locally

who can support complex healthcare needs and Mental Health specialist providers who can manage challenging behaviour.

As a result of providers not getting work, they are looking to diversify into the supported living arena, we have this evidence as our current supported living framework reopened in January 2023, which saw a significant number of applications from home care providers. In terms of local sufficiency this is a positive point to note.

*The table below gives a comparison for January 2023 and January 2022 and shows the number of home care hours commissioned: The table shows that the demand on homecare has grown over the last year and more than 9,000 more hours were delivered.*

Number of people supported:	January 2023	January 2022
Internal homecare	197	177
External homecare	1162	744
Total hours commissioned in month	58834.54	49041.96

**\*\*The largest homecare need is physical support, access and mobility, the smallest being mental health support\*\*.**

### **CQC Status:**

The quality of the local home care providers is generally good, 57% are rated good or above by the internal Quality and Compliance Team, CQC rate 78% as good or above.

There has been a deterioration in quality following Covid, providers have been directly supported by the MKC Quality Compliance Team to improve to satisfactory standards. The areas of main concern are reported within the care home assessment.

### **Cost of Care**

Following the CoC exercise, it shows that the CoC is lower than the Council hourly rate band (£19.34 ceiling). However, this has not been the Council's experience in the provision, as the bidding process for every package is positive (in excess of 5 bids on each package), and demand is sufficiently met.

### **Recruitment:**

The national recruitment issues for care staff is well evidenced, Milton Keynes is no exception. Currently, hourly enhancements of £4 per hour are being offered to Home Care to support with hospital discharge and flow. Providers report that as this is one off monies, it is difficult to passport this to the care workers directly.

### **Internal management:**

Quarterly provider forums are held, and providers continue to report that the Dynamic Purchasing System is difficult to use and creates unnecessary market competition. Providers ask for consideration to a move towards a standard hourly rate, this is being considered by the council. As well as considering a semi-rural rate to cover the outskirts of Milton Keynes and hard to reach areas.

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

The likelihood of the charging reform is predicted to have a greater impact financially, on top of the CoC financial pressure, because Milton Keynes has a high proportion of self-funders 44%, 590 people. Not all 590 people may require support and it is anticipated that this transition would be staggered, MKCC does not have the level of funding required to support this reform, currently and that is our local assessment. Most people will have been in care homes for a consideration amount of time; therefore, it is highly likely that this is the only option and will not present the ability to explore alternative care options.

### **Year 1-3 plan and actions for both Care Homes and Homecare:**

#### **Year 1:**

- **The focus for the forthcoming year and beyond is working with providers individually to support with the cost of living and inflation rises.**
- Commissioners and the Quality and Compliance Team will continue to work closely with providers over the forthcoming years to further understand the market and prepare for ongoing challenges around reduced capacity.
- Review of the council's contract management arrangements, a move away from a focus on traditional KPI's with a focus on working with care providers at a local level to resolve issues quickly and support demand management.
- Expansion of digital care solutions.
- Discussions with developers and Social Investment companies continue around building new Care Homes, and housing provision locally.
- MKCC are keen to prevent and delay people requiring Social Care Support. There will be a strong focus on community support and place-based options, such as the use of supported living options with floating support.
- Investment in Community led solutions to manage demand and the rise in local population.
- Enhanced hourly Home Care rates to support with hospital discharge, which in turn supports provider inflation costs.
- Block contracts commissioned to give providers guaranteed income. Reduced use of spot contract arrangements, to reduce competition within the market.
- In addition, whilst this is primarily linked to Social Care, the local Integrated Care Board (ICB) has a part to play in this plan. Continued partnership working needs to take place. This will ensure effective management of the market and that both

Health and Social Care are aware of the complexities of the care system, reducing competition and agreeing care at higher rates which in turn sets a precedent to the local market.

- MKCC to apply for the 'working towards being Dementia Friendly' by June 2023.
- Co-produce with care home providers the new service specification and delivery model

### Years 2-3

- It is difficult to evidence how to plan and manage the lack of Care Home beds locally, building new homes is not a quick and forms part of longer-term plans.
- As a system across the ICB, we can influence and ensure MKCC, and stakeholders has a strong prevention offer and continues to support people to remain at home for as long as is safe to do so. This would manage demand and flow.
- Continued use of the Skills for Care data around workforce and retention to improve commissioning intentions as well as use of their recruitment strategies.
- Implementation of the Supported Accommodation strategy.
- More targeted and dynamic approach to how care and support is brokered to support demand and reduce waiting lists.
- Diversify Community Led sector models of care/support to deliver early intervention.
- Support and offer providers sustainable funding to ensure that longer term plans can be achieved, for example work towards ending funding commitments of 3 years or less.

### Fee setting process:

If a provider is concerned the fee MKCC pay is too low and therefore at risk of financial failure, providers can approach MKCC to undertake a fee review. We ask the provider to submit their financial accounts and supporting evidence. The MKCC finance team will then undertake a financial due diligence to assess the risk, the outcome would then be sent to the Commissioning team and the Service Director, who will decide whether to award the request.

### Allocation of 2022/23 £0.613m Market Sustainability and Cost of Care Funding

- The table below describes how the cost of care money has been distributed between care homes and home care.

	Full Year £m	1st October (6 months) £m
Care Home Placement - minimum £670 per week	0.329	0.164
Home Care – 7.5%	0.709	0.354
Direct Payments - OP 7.5%	0.082	0.041
<b>Cost of increased rate to providers</b>		<b>0.560</b>
Contracts and Finance resource		0.023
Provider payment for completion of return		0.032

<b>Cost of FCoC exercise</b>		<b>0.055</b>
<b>Total spend 2022-23</b>		<b>0.615</b>
<b>Full year impact 2022-23 and beyond</b>		<b>1.120</b>

\*Most direct payments for older people are used for home care\*.

The full year impact of this proposal is £1.120m. MKCC was allocated £0.613 Market Sustainability and Cost of Care funding in 2022/23 and decided locally to add to this funding. MKCC distributed funding to providers in October 2022.

The anticipated full cost pressure of moving to the cost of care over the next 3 years up to and including 25/26 is around **£6.573m. This will be inhibited unless inflationary and demand pressures and fully met through additional government funding.**

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

MKCC are awarding providers an inflationary increase of between 9.06-9.79% for 2023-24. Our formula for calculating fee uplifts has been published as part of the Fair Cost of Care reports, which shows a clear link to NLW/FLW and CPI to ensure transparency in how we uplift our fees on a yearly basis.

**Supporting documents:**

- The MKCC Market Position Statement (MPS) 2022-2027: [Commissioning and Contracts \(Social Care\) | Milton Keynes City Council \(milton-keynes.gov.uk\)](#)
- The MKCC Council Plan 2022 -2026: [Council plan 2022-2022.pdf \(milton-keynes.gov.uk\)](#)
- Milton Keynes Health and Wellbeing Strategy: <https://www.milton-keynes.gov.uk/health-and-wellbeing-strategy-2018-2028>
- The Milton Keynes Better Care Fund Plan, *copy available upon request.*

**The council is faced with significant financial challenges with continued national funding uncertainty, rising demand and increasing costs likely to mean a period of very difficult budget decisions and need for prioritisation to ensure a balanced budget. The plan also outlines our commitment to support local market development and vulnerable people.**

**(a) 65+ care homes market**

- How funding has been disturbed has been explained above. The current service specification for Care Homes is very old therefore work is underway to development a new Framework and specification, which will focus on technological care options and ensure there a diversity of providers.
- How commissioners engage with providers is under review, with a move to visits to care homes and continued use of face to face and online forums.

- Providers report that MK are not good at communicating key needs and areas of development, their feedback is that this is often left to the last minute. Therefore, there will be increased use of soft market testing and co-production using providers as the experts who know the business well and can advise on future delivery models.
- Since September 2022, we have seen an increase in the average weekly cost of Care Home placements; during December, the weekly fee for new placements for people over 65 were had increased on average 27% (compared to September 2021) which has been reflected in our budget pressures for 2023-24.
- The Milton Keynes Care Home market has very little capacity, compounded by a high level of self-funders (estimated 44%). We are seeing increase demands from depleted capital cases, we have very limited visibility to this information, which would have improved under social care reform proposals.
- Care Home providers were given feedback on the outcome of the FCoC, and the opportunity to co-produce this plan. The cost of care will now form a regular agenda item via engagement as well as exploring innovative ways to manage market sufficiency.
- 16 Care Home providers responded to this exercise; therefore, it is difficult to ascertain if the median rate outlined within annex B is reflective of the whole market (in addition to the wider concerns we have around data quality).

**(b) 18+ domiciliary care market**

- Home care proposal: 7.5% increase during 2022-23 (in addition to yearly uplift)
- The current hourly rate within MKCC is 24% lower than the deemed median rate from the CoC exercise, therefore the majority of the 22/23 funding is being allocated to Home Care. £0.354m for October 2022 until March 2023.
- The current DPS rates within MKCC are between £17.34 and £19.34, the majority of bids are around £17.34.
- Only 11 Home Care providers responded therefore it is difficult to confirm that the median rate of £23.90 per hour is reflective of the whole market in Milton Keynes (in addition to the wider concerns regarding data quality).
- Further exploration by commissioners is required and is planned to work more closely with providers to understand ongoing competing risks and issues, future funding and sustainability being the top priority.
- Whilst the home care market is vibrant the data included to give a comparison on monthly hours Jan 22 and Jan 23, clearly shows a significant increase year on year in local need.
- The internal services, reablement and Home Care support MKCC to manage market deficiencies.
- Home First remains a top agenda for MKCC, health partners and the ICB and is a strategic vision.
- Feedback from providers is communication should improve, they also raise that they are exploring business outside of Milton Keynes.