



**Hull**  
City Council

# **Market Sustainability Plan**

## **65+ residential care and 18+ homecare**

March 2023



# An introduction to Hull



has.....

- A population of approximately 259,000
- A relatively young age profile with an average age of 35.9 compared to 40.2 nationally. There is a lower than average population in all age groups 40+
- A relatively small Black Minority Ethnic population. 10% of the population are BME which is half the national figure. The largest ethnic group is White Other which contains many economic migrants from Eastern Europe. However, Hull has become significantly more diverse since 2001 when the proportion of BME residents in the population was 3.6%
- A high level of deprivation. Hull is the 4<sup>th</sup> most deprived local authority in England and is more deprived than 99% of other local authorities. 54% of Hull's population live within the most 20% most deprived areas of England
- A higher than average level of unemployment. However, this is currently at the lowest level on record due both to more people being in work and an increase in jobs
- A population which is generally less healthy than the national average. Males and females in Hull typically experience around 20 years of poor health
- A population which has a lower life expectancy than the national average
- A higher proportion of people aged 60+ who will experience ill health, specifically from lifestyle related illnesses such as heart disease and COPD
- A higher proportion of working age adults with a disability (26% in Hull compared to 21% nationally)



All data from Hull data observatory

# The 65+ residential care market in Hull

There are currently 71 residential care settings within Hull offering 2,024 beds. Of these, 44 homes (62%) provide 1,645 beds for people over the age of 65. As at 21 March 2023, 142 of these beds were vacant (for all age groups). Of these, 47 beds were available to accept placements in the next 7 days. This is only 33% of the vacant beds.

Of the 44 settings who are providing care for over people over the age of 65 – 28 are rated as GOOD by the CQC, 15 are rated as REQUIRES IMPROVEMENT and 1 is rated as INADEQUATE. There are no residential care homes in Hull which are rated as OUTSTANDING.

Residential care placements are commissioned through the Hull City Council Residential and Nursing Care Dynamic Purchasing System (DPS). There are 4 categories with set fee rates for the first 3 categories. An inflationary uplift ranging from 10.2% to 11.47% has been applied to all categories for 2023/24.

	Category	Weekly rate (£) 2022/23	Weekly rate (£) 2023/24	% increase
1	Basic residential provision	516.30	575.50	11.47%
2	Enhanced residential provision	554.70	617.60	11.34%
3	Intensive residential provision	1,011.40	1,114.40	10.20%
4	Bespoke packages dependent on need	Individual budget	Individual budget	Direct care 7.34% Non direct care 12.31%

## Capacity

There is some available capacity within the market. However, this capacity is not fully available to the Local Authority due to staffing issues within the care homes and Covid related closures.

## Complexity of need

The capacity that is available does not meet the needs of the people that require placements. As at 17 March 2023, there were 100 requests for residential care placements currently outstanding on the DPS (all ages including 65+). Over 90% are for categories 2-4.

## Respite provision

Respite provision placements are very difficult to source due to concerns amongst providers about the financial impacts of short-term placements and a preference for them to be classed as 'block bookings' to make them financially viable. From a Hull City Council perspective, block bookings cannot be pursued because providers cannot guarantee placements for all levels of need.

## Nursing placements

Nursing placements are particularly difficult to source currently. There are only four providers in the City with nursing provision, all of whom charge rates in excess of the current DPS rate. Currently, the Council does not offer any premium for nursing over and above the set DPS rates beyond the FNC payments. The limited capacity in this provision means that Hull City Council is often required to source placements out of area, often at much higher rates.



# The current position of the residential care market in Hull and sustainability issues

## Sustainability issues

Residential care providers are reporting that inflationary pressures are having a significant impact upon their financial viability. A number of providers have informed us that they are making losses on their residential care home/s in Hull at a level that they cannot maintain in the long term. Commissioners now have a tracking system to monitor the ongoing viability of our residential care market and this is something which is closely monitored.

Hull City Council has tried to address these concerns with the fee rates agreed for 2023/24 by paying increases of 10-12%.

## Care home closures

Two care homes have closed in the last two years. This has affected 60 residents for whom new placements have had to be found. A further home will be closing in the next four weeks requiring new placements for 13 residents. One respite provision has also closed.

## Median rates from the Fair Cost of Care

The Fair Cost of Care exercise indicated median rates significantly above the rates currently paid by Hull City Council. Whilst the data which informed the Fair Cost of Care exercise was not considered to be sufficiently robust or comprehensive enough to provide the basis for an increase in fee rates based on that information alone, Hull City Council accepts that there are underlying issues which need to be addressed. However, the Council is not able to adjust its rates in the short term, beyond inflationary adjustments, within its current financial allocation.



## Sufficiency of fee rates

Providers are reluctant to accept a placement for a person who is assessed as requiring basic residential provision (category 1) due to the relatively tight fee rate associated with this placement.

It is becoming more common for providers to ask for the category of the placement to be increased (which is not in line with a person's assessed need) or for providers to charge additional payments or top up fees for new Local Authority commissioned placements to bridge the gap between the Council's set rates and the costs they are incurring.

Where families are unable to pay the 'top-up' or Hull City Council is unable to offer an alternative placement, the Council is obligated to pay the additional charge to meet the person's eligible needs. The Council is therefore finding itself increasingly forced to pay in excess of the set rates for residential provision which is placing further pressure upon the Council's finances.

Some providers have also requested that the placement category for existing residents is increased – this is for funding and sustainability reasons rather than because the needs of the person have changed.

# The 18+ homecare market in Hull

In Spring 2022, Hull City Council tendered for a new Community Wellbeing approach to the delivery of homecare services in the City. This approach requires providers to work more closely with the person requiring support, along with their families and carers, to identify what support they need to maintain independence, their relationships and to be valued and contributing members of their communities. This offers a more person-centred approach to the delivery of homecare services in line with fulfilling the Adult Social Care aim of ‘a life, not a service’.

The Community Wellbeing model was launched in September 2022 and introduces a geographical approach to the delivery of homecare services. There are four areas across the City (North East, North West, South East and South West) with a primary provider and secondary provider for each area. In addition, there are a further two approved providers. Applications to join the approved provider list are opened annually.

Seven of the previous homecare providers were unsuccessful in the tender process and were no longer eligible to pick up new packages of care from 5th September 2022. Existing commissioned packages will continue to be delivered by four interim providers until those packages end.

All of the seven Community Wellbeing providers, are rated as Good by the CQC. Of the four providers continuing to deliver existing packages of care, all are rated as Good.

Currently, approximately 13,000 hours per week of homecare is commissioned for approximately 900 people in the City.

The agreed hourly rate for the Community Wellbeing tender was £20.95. An 8.8% inflationary increase has been applied for 2023/24, increasing the hourly rate to £22.80



Hourly rate (£) 2022/23	Hourly rate (£) 2023/24	% increase
20.95	22.80	8.8%



# The current position of the homecare market in Hull and sustainability issues

## Recruitment and retention

Homecare providers are reporting that recruitment and retention of staff is a significant issue. Three Community Wellbeing providers have left the Hull homecare market due to such workforce issues. Whilst most providers pay above the National Living Wage for carers, this is often below the rate paid by other employers in the City such as supermarkets.

## Inflationary pressures

Some providers are highlighting significant concerns with regards to their sustainability due to inflationary pressures. Hull City Council has tried to address some of these concerns with the fee rates agreed for 2023/24 by paying an increase of 8.8%.



## Capacity v demand

As at 17 March 2023, there were 108 people waiting for a package of care, totalling 1,199 hours of care. This is in addition to the packages of care which are already commissioned. This means that a large number of people in the City are waiting for care and support, sometimes with no formal support in place and therefore relying on the support of family and friends only, despite having an eligible need under the Care Act (2014). There are also a high number of people waiting for a care package to be sourced in the local hospital trust and in short term residential care beds. Providers estimate that a further 200 care staff would need to be recruited to have sufficient capacity to meet this demand.



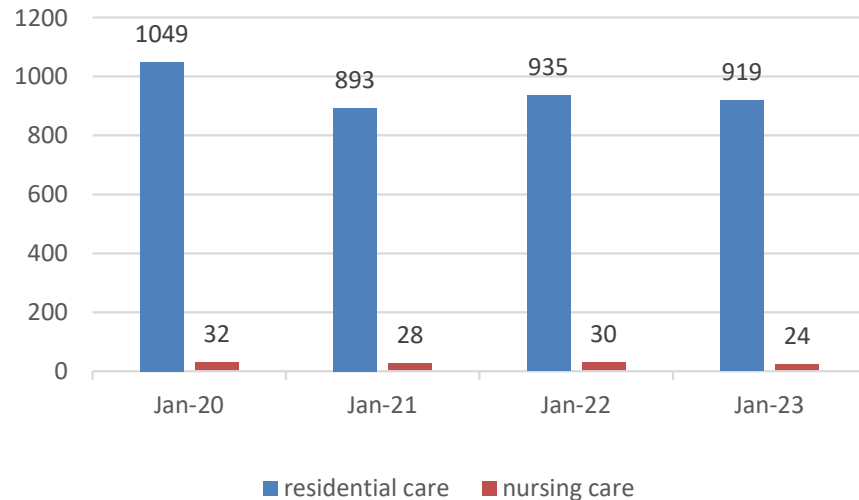
## Median rates from the Fair Cost of Care

The Fair Cost of Care exercise resulted in a median figure which was 8.5% above the hourly rate agreed as part of the Community Wellbeing contract. Whilst the data that informed the Fair Cost of Care exercise was not believed to be complete nor sufficiently robust in all instances to form the basis of an increase in fee rates based on that information alone, Hull City Council accepted that the data represented an important source of intelligence to advise the fee setting process.

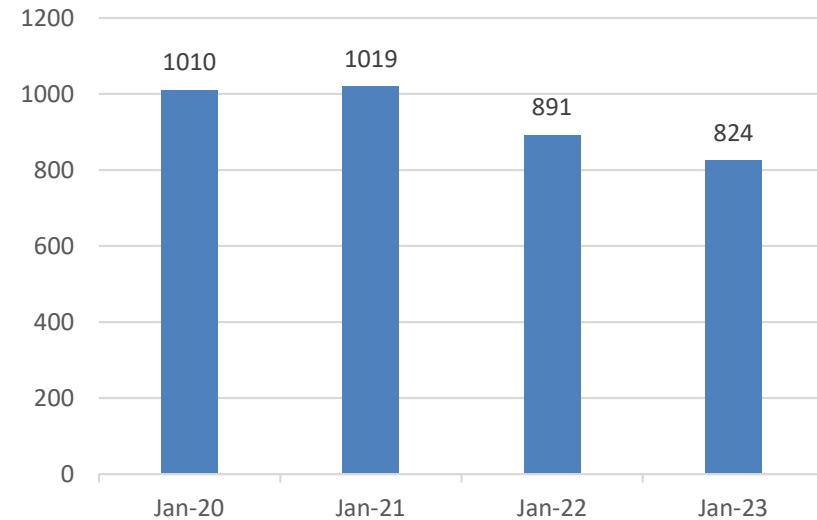


# Current trends in 65+ residential care and 18+ homecare

Number of people (65+) in residential care in Hull



Number of people (18+) receiving homecare packages in Hull



The number of people in residential care in Hull has fallen by 12% between January 2020 and January 2023. This is in keeping with the priority for people to receive care at home where possible in order to increase their independence.

However, the number of people receiving homecare in the City has also fallen by 18% during this time which reflects the issues with capacity in the homecare market and means that more people than planned are moved into a residential care placement whilst a homecare packages is sourced.

This is further evidenced by a significant increase in the number of people who are waiting for a residential care placement or a homecare package to meet their needs.



# Assessment of the impact of future market changes in 65+ residential care and 18+ homecare over the next 2-3 years

Hull City Council aims to support people to live at home for longer, with the care and support that they need in order to live as independently as possible; 'a life, not a service'.

The Office for National Statistics projects that the proportion of people in Hull aged 65 and over will rise from 15.16% in 2020 to 18.83% in 2040 whilst the number of people aged 85 and over is projected to increase from 1.76% to 2.52%. This therefore has the potential to increase the requirement for social care provision to support the aging population in the City to live healthy and fulfilled lives for as long as possible.

Hull is the fourth most deprived local authority in England based on data from the Index of Multiple Deprivation (2019). Hull has lower levels of employment (Annual Population Survey 2022), higher numbers of people in receipt of benefits (Department of Work and Pensions 2022) and lower average earnings (Annual Survey of Hours and Earnings 2021) than the national average. It can therefore be expected that the recent increase in the cost of living will be particularly impactful in Hull, exacerbating the current issues of deprivation and health related challenges and potentially accelerating residents' needs for social care services.

## Residential Care

The success of our approach in supporting people to stay at home for longer means that when a person requires residential care, their needs are generally greater and more complex than when they first presented with care needs. The upward trend in acuity is expected to continue. It is expected that this will exacerbate the issues that are currently being experienced in the shortage of more complex provision in the City.

There is an increasing demand for nursing residential provision which is expected to further increase. This is an area in which there is already a shortage of provision.

We are also seeing increasing demand for respite provision to support carers and prevent the risk of carer breakdown. This is vital to support our aim to ensure more people can stay at home for longer.

## Homecare

For homecare we are expecting to see ongoing, increasing demand due to our strategy to help people live at home for longer. Currently, the market does not have the capacity to meet existing demand. It can also be expected that those requiring help at home will be more complex, with a higher level of need which will require staff with a broader range of specialised skills. PEG and RIG feeds are an example of an increasing area of demand which is a training need in the current workforce.

Internal homecare services have supported the wider market with short term cover for permanent packages of care. However, recruitment and retention for Local Authority employed care staff is also a challenge and therefore the resilience provided by this service is also expected to reduce.





# How we plan to address the sustainability issues in 65+ residential care

## Reduce oversupply and address under supply

Market shaping plans are ongoing and are aimed at reducing the current oversupply of low level provision to ensure this meets demand and is sustainable long term whilst creating more high level, complex, nursing and respite provision to meet the current and predicted demand. This is a work in progress and will be further outlined in the updated Market Position Statement.

## Working with providers

Hull City Council is working with providers to explore opportunities to re-purpose existing provision to meet the current needs and future demand and will continue to do so. The Council continues to communicate with the provider market where supply needs to grow and has made clear its willingness to consider assisting with capital investment and seed funding models. However, whilst Hull City Council is willing to consider capital investment and advance funding, it is clear that the rates payable for these services need to be sufficient to entice providers to make the necessary investment in developing the required provision.

## Review categorisation within DPS

Following on from the Fair Cost of Care exercise, we will review the categorisation within DPS and the associated hours allocated for personal care to address the issue of poor pick-up rates for Category 1 placements.

## Fee rates

The Fair Cost of Care median rate suggested an increase on all rates currently paid. However, as described in the Council's Annex B submission, the median rate does not represent a robust, evidence based rate due to the low response rate and data quality issues. Hull City Council continues to work with providers to understand what a true cost of care rate for residential care in Hull should be whilst being honest and transparent about the Council's current financial position.



## Targeted increases in fee rates

Hull City Council is exploring a targeted approach to an increase in rates at specific provision to encourage the diversification and realignment that is required in the market. Increasing rates across the board will not encourage the change that is required. The Council is also considering offering enhanced rates for services that are rated as GOOD or OUTSTANDING by the CQC to encourage a high quality of service and guarantee the long term sustainability of high quality services in the City.

## Occupancy rates

It is the intention to increase the target occupancy rate both to support the market shaping plans and to support the wider health and care system, particularly for hospital discharge. Hull City Council has made it clear to the provider market that it cannot sustain lower than optimum occupancy rates. This forms part of the market shaping process to reduce the amounts of provision for lower level need and increase provision for higher level need.

# How we plan to address the sustainability issues in 65+ residential care

## Develop and increase nursing provision

Hull City Council is working with a number of providers to develop and increase the provision of nursing placements in the City. It is clear from conversations to date that the required minimum fee rates are far in excess of what is currently paid and therefore an increase in rates will be essential to secure this provision to meet demand. A premium rate for nursing provision is being explored.

## Develop and increase respite provision

Hull City Council is also working with providers to develop respite provision for all levels of need. This is essential to ensure the sustainability of the care at home ethos. Business cases are being developed to support investment with providers to create specific and specialist respite provision (both residential and in-reach) to meet current and future need. We are engaging with people and their families, providers and wider stakeholders to inform our shaping of respite provision so that we can maximise the beds available for respite use to support carers and reduce the risk of carer breakdown and crisis.



## Recruitment and retention

Staff recruitment and retention difficulties are a factor in providers having sufficient safe staffing levels to increase their occupancy and provide the higher levels of care that are required for the increased acuity of new admissions. Any revision of fees payable will therefore need to in part be targeted at staff pay to attract more staff to work – and remain – in the sector. To support the provider market with staff recruitment and retention, the Council has developed a “Proud to Care” project which includes centralised recruitment and training portals as well as working with providers on recruitment exercises.



## Develop in-house provision

Hull City Council is considering options to develop more in-house provision, particularly in relation to complex respite and residential services where it is proving difficult to generate new externally provided services and where it may be more cost effective to develop and deliver services internally. Furthermore, where a well-established, good quality provision is facing closure due to financial pressures, Hull City Council will consider whether it is cost effective for the Council to step in and take over that provision to avoid the disruption caused by moving a resident from their home and potentially placing them in a more expensive and less appropriate provision.

# How we plan to address the sustainability issues in 18+ homecare

## Prioritisation

As homecare is the foundation of the Adult Social Care model in Hull, stabilising this market would be and has been the priority for Hull City Council. The 2022/23 Fair Cost of Care and Market Sustainability grant was used in its entirety to support the homecare market. The Adult Social Care Discharge Fund has also been utilised to support the homecare market in Hull.

## Community Wellbeing contract

The newly commissioned Community Wellbeing model of homecare is designed to allow providers to be able to plan longer term and to enable them to invest in a high-quality service. This is shown in the commitment to paying providers based on planned time and the move to a geographic model. We will continue to embed this model and increase the use of 3rd sector provision and assistive technology to reduce demand for traditional through-the-door homecare.

## Digital and Assistive Technology

Hull City Council is developing the use of digital and assistive technology to support people living in their homes. Community Wellbeing providers are contractually required to identify people who they believe could benefit from such technology as an alternative or compliment to more traditional care.

## Community Navigators

The Council has developed a system of Community Navigators alongside partners, who can meet people and refer them to appropriate community groups and activities as alternatives to traditional statutory services.



## Hourly rate increases

The introduction of the Community Wellbeing contracts followed with a significant adjustment in the fees payable from the previously variable rates averaging approximately £16 to £17 per hour to a fixed rate of £20.95, which meant an increased investment of over £3m by the Council. The inflationary uplift for 2023/24 has increased the hourly rate to £22.80. We will continue to work with providers to gain a better understanding of the information submitted as part of the Fair Cost of Care exercise as part of our wider fee setting process.

## Shift pay

Engagement with providers suggests that a move to shift pay is a key factor in recruitment and retention of homecare staff to ensure they are paid fairly and have reliability of income for their time at work (including gaps in between care calls). However, this would have a large budgetary impact and therefore affordability will be a key concern. Hull City Council would explore a contractual variation to ensure that any uplift in rates to account for shift pay would be passed onto staff.

# How we plan to address the sustainability issues in 18+ homecare

## Recruitment and retention

To support the domiciliary provider market with staff recruitment and retention, the Council has developed a “Proud to Care” project which includes centralised recruitment and training portals as well as working with providers on geographic-specific recruitment exercises to try to recruit local people to deliver care in their communities.

*Proud to Care*  
HULL

## Integration

Hull City Council is working with the Humber and North Yorkshire Integrated Care Board to pursue opportunities for a more integrated approach to providing care and support to people within their own homes. This would benefit people receiving those services whilst ensuring they are delivered in the most cost-effective way. An integrated approach may also offer further commercial opportunities for existing homecare providers.

## Building Forward Together

Hull City Council is part of the Building Forward Together programme alongside other statutory bodies and representatives from the Voluntary and Community sector. This programme is designed to develop and maximise utilisation of the services this sector can provide alongside the strong culture of volunteering in the City. Adult Social Care is a key part of the programme and is developing voluntary and community services to complement homecare with a view to helping people to remain active members of their communities. The Community Wellbeing providers are contractually required to develop relationships with community groups in their geographic areas and refer people to these organisations to complement through the door care with a view to reducing dependence on that care.

## Diversity of care provision

Hull City Council is working to raise awareness of alternatives to traditional care services such as the Shared Lives service and the City’s multi-generational Extra Care provision to increase consideration and take-up of these options. The Council is also reviewing its Direct Payment offer with a view to encouraging more people, where appropriate, to consider that option.

