



COMMUNITY AND HOUSING DEPARTMENT
John Morgan – Strategic Director

Annex C: final market sustainability plan template

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

Assessment of current sustainability of the 65+ care home market

In addressing demand in the care homes market, Merton currently retains one block contract for the provision of 45 residential and nursing beds for older people. All block beds with our block contract provider are currently fully utilised. The Council spot purchases all other care home placements for older people. In the latest information from Capacity Tracker the median occupancy rate for homes within the scope of this cost of care exercise is presently 92%. Occupancy levels fell during the first year of the pandemic but have now recovered to broadly pre-pandemic levels. The ONS estimate of the proportion of self-funders is 41.9% and we are currently undertaking an exercise to test this figure.

We are not aware of any care home operating in the borough that is financially distressed, and the generally high levels of occupancy are likely to be a factor in this. The present threshold rates for the Residential Care are £937.41 and nursing is £1058.61 (inclusive of FNC) respectively. Within Merton there are areas of the borough where it is more difficult for us to place individuals within a care home setting. This is due to the different nature of care home provision in those areas as a result of higher demand from privately funded individuals. Our Brokerage Team report their most significant challenges in placement finding, increasingly relate to residential care placements, with a number of providers inclining towards the provision of nursing care only. Our longer-term strategy will focus on the development of further Extra Care capacity as an alternative to residential care, rather than trying to reverse the decline in the number of residential beds, which means this will remain a pressure for the medium term in the care home market. However, it is a better outcome for residents to remain living independently in their own home.

In terms of service availability and quality, there are a number of care homes that have or are about to undertake renovation improvements. Examples of these refurbishments, include one care home where there has been a room out of use, due to a flood damage which occurred several months ago and is now being repaired for use. In another example there is a care home undertaking works that secures fire safety and site security improvements. We have noted an increase in safeguarding alerts over the past 6 months. There have also been some concerns raised

regarding the administration of medication with the Integrated Care Boards (ICB) Care Home Pharmacy team having to undertake medication audits at care homes following concerns about resident wellbeing. In terms of workforce, we have noted many of Merton care homes have continual vacancies for their managerial staff. Although, a majority of care homes within Merton are CQC rated as Good, the turnover of care home managers generally is an issue that we are seeking to address. Although not specific to any type of care home, recruitment challenges impacting the retention of managers, deputy managers and clinical leads, often mean homes are being covered by interims. This can impact the continuity of care that residents receive and may reduce their ability to support the wellbeing of residents and manage any outbreaks of infectious disease. With respect to the current quality profile of Merton care homes, please see below:

CQC Ratings	
Outstanding	1
Good	31
Requires Improvement	5
Inadequate	1

In summary within Merton, 84% are outstanding or good and 16% that require improvement/inadequate. The care homes have been willing to work in partnership with our Adult Social Care (ASC) Contracts Team to review and improve their quality assurance processes and provide supporting evidence of their actions to sustain good standards and improvements. The ASC Contracts and Safeguarding Team also works with internal and external partners who may raise safeguarding and quality concerns based on their observations when visiting a care home, e.g, improvements in infection, prevention and control practices or within the course of their interactions with the care provider. Merton will continue to work collaboratively with providers in a supportive manner to achieve positive quality assurance outcomes for Merton residents.

Recognising neighbouring boroughs share many elements of the same care market, Merton works within the South-West London Cost of Care group with Croydon, Kingston, Sutton, Richmond and Wandsworth. We are presently working closely together in undertaking the cost of care exercises and developing our Market Sustainability Plans.

In doing so the group has 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. The intention is to continue to work together to develop a consistent strategic approach to supporting a sustainable care market across south-west London, taking collective action where appropriate but also recognising the need for independent local level decisions and actions. Merton considers the biggest sustainability challenge to this market being the under supply of care.

Assessment of current sustainability of the 18+ domiciliary care market

Commissioned home care

The present home care Framework Agreement commenced February 2018 and was due to end February 2023, however the Council has exercised an option to extend these contracts for a period of 8 months until September 2023. The Framework is structured into multiple lots – three main geographic lots (West, Central and East zones), a back-up lot and a specialist lot. One prime provider was appointed to each of the geographic lots, while there was also provision for a back-up and specialist lots at the outset of the contract. Existing packages of homecare that were in place at the outset of the contract were not transferred to the new providers and as a result a range of spot-purchasing arrangements remain in place. The current arrangements have generally worked well, although the three main geographic providers have had varying capacity to take on new packages of homecare and as a result more use has been made of the back-up providers than was originally envisaged.

At any one time there are around 650 individuals for whom a homecare service is being commissioned and in any one year, taking account of new packages being set up and packages coming to an end, the total number of people to whom a service is provided is approximately double this number. Approximately 84 hours of care are delivered each week, equating to around 438 hours of care per annum. As we have emerged from the pandemic the number of hours of care being delivered has been increasing, reflecting both increasing need for existing service users and increasing numbers of individuals coming into the social care system. The total gross cost of the service provision is around £10m per annum, which means that homecare expenditure is a significant element of the Department's total spend on commissioned care, as well as being significant with respect to the Council as a whole. As stated above the current framework has multiple lots – three main geographic lots being West, Central and the East Zones respectively. Each lot has a prime provider with there being an additional award to the supplementary providers. For a range of business reasons (such as business closure or the provider not accepting any packages), several providers are no longer providing home care to LB Merton customers. Any care package which, legitimately, cannot be accepted by the relevant Prime provider is offered to one of the 'Supplementary' providers who are expected to operate across all three zones. Provision of specialist Home Care services (e.g. for a customer with an acute loss of hearing and vision) is delivered, as appropriate, by one of the 'Specialist' providers from the relevant Framework Lot.

Home care market

The spread of CQC registered providers across the borough is relatively even, with 11 registered in CR4 East, 10 registered in SM4 Central, 2 registered in SW16 East, 9 registered in SW19 West and 2 registered in SW20 West. It is difficult to attract carers to work in the western part of the borough due to the limited range of public transport arrangements relative to other parts of London and our brokerage team have found it challenging to get providers to accept packages in the west of the borough. Areas like Wimbledon Village tend to have larger properties and less housing density, which means for example within a 30 minute call, a carer is unlikely to have another call within close proximity, thereby making it less viable to create a 'round'. Most of

Merton's home care providers and care workers are based or live in the eastern part of the borough. Consequently, there are fewer workforce capacity issues with retention of care staff towards the eastern parts of Merton. We find larger home care providers struggle to recruit carers, due to the reluctance of local residents to pursue a career within the adult social care field. This creates consistent capacity issues in the western part of Merton, as most carers have to travel across borough to support residents in these areas. Home care providers in Merton tend to be SME organisations, including franchise businesses, with many carers doubling up also as owners of their businesses. Most of the carers who work within Merton tend to come from minority ethnic backgrounds.

According to the PAMMS market insight tool the financial risk for providers in the borough is generally Low to Moderate and we have seen a relatively small number of providers, commissioned or otherwise, leave the market. Many home care providers struggle to retain 'Outstanding' or 'Good' CQC rating with more being rated as requiring improvement or inadequate over a long period of time due to the high turnover of carer staff. The prevailing issues which we have gathered from our quality assurance work and our discussions with CQC inspectors seem to be the timing of visits/late visits/missed visits, recording by carers not being of a satisfactory standard (e.g. communication logs not matching time sheets), pre-employment checks not being suitably robust (e.g. no references on file, out of date DBS checks). It is also common for some carers to be employed by more than one home care provider who utilize zero-hour contracts. These arrangements may hamper continuity of workforce and the sustained quality in care provision. Providers report that some cases, carers turn down shifts they had already accepted in favour of a late offer from a higher paying agency. Smaller organisations also struggle to secure resources to recruit, train and professionally develop carers. We find that smaller agencies tend to use electronic care monitoring/electronic document management systems less and rely on paper-based systems. This increases the complexity of determining whether customers are receiving appropriate care at the commissioned times.

At present most home care providers guarantee carers are paid the National Minimum Wage rate, but not the London Living Wage rate. This tends to encourage carers to move regularly between agencies to secure marginally better pay rates. The present home care rates Merton pay rates to providers track closely therefore to median rates as established under this Cost of Care exercise. This compromises the sustainability of retaining carers in this part of London particularly at this time of rising inflation and increases in the cost of living. Merton is now accredited by The Living Wage Foundation as a Living Wage Employer. Within the recommissioning of home care services during 2023, all providers will be required to agree to a pay rate for carers proposed by Merton. This will be initially fixed until April 2024 and then increased annually by an amount equivalent to the percentage year on year change in London Living Wage.

These workforce challenges suggest the need for local, regional and national promotion of the social care sector in order to attract more local residents to pursue this as a career. Carers need to be guaranteed a certain number of hours within their contracts in order to commit, rather than just being offered zero-hour contract arrangements. They also need good rates of pay that guarantee sustainable employment and economic wellbeing.

As above, in recognising the shared elements of a regional care market, Merton is working within the South-West London boroughs of Croydon, Kingston, Sutton, Richmond and Wandsworth closely to undertake the cost of care exercises and develop our provisional Market Sustainability Plans. We are also working together on a first South West London workforce strategy, recognising the shared significance of this issue.

With respect to the current quality profile of Merton home care agencies the present ratings are listed below:

Rating	Count	%
Good	38	73%
Requires Improvement	8	15%
Not Yet Inspected	6	12%
	52	100%

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

Care Home market

With respect to the care home market in Merton the key strategic challenge is managing under supply of care beds, particularly in the winter months. Currently, the London Borough of Merton has one block contract for the provision of residential and nursing beds for older people. Merton then spot purchases all other care home placements for older people. All block beds with our block contract provider are currently fully utilised. Capacity tracker shows that across older people care homes within the borough there is only approximately 8% of beds available. Taking account of the sections of the market that are 'out of reach' for publicly funded placements, this means that there is currently a risk that we have insufficient in-borough provision within the market to meet our projected demands particularly during the winter period.

We are seeking to address this by working in partnership with providers and have invested in the market by offering, upon request from providers, an 5.9% uplift in prices for 2022/23 to address supply issues and to support sustainability. Some providers received more than 5.9% (following provision of a breakdown of their costed proposal), which needed agreement by the Council. With respect to future market changes and the impacts of the charging reforms we anticipate significant pressures on the Council's budgets, as a result of the changes to the thresholds. Given the relatively high proportion of privately funded residents indicated by the ONS model, our current view is that it is likely to take a number of years for any material shift in the ability of the market to provide access to private funders at publicly funded rates.

In regard to the Care Homes market, Merton will be undertaking further quantitative and qualitative assessment of the impact self-funders have on the market across the borough. In terms of dialogue with Care home providers with regards to this Cost of Care exercise and market sustainability, within the discussions we have had with providers on issues such as inflation uplifts, cost of living increases, we have indicated that the Cost of Care work will be used along with a range of other information and data to inform future fee setting exercises. Merton will continue to work with the Dignity in Care Forum which was established and is still run by Merton Seniors Forum, to develop partnership working with providers focused on improving dignity in care in care homes. In particular, their trained volunteers visit homes which have Merton Council-funded residents (including talking to residents, staff and relatives), sharing reports of their findings with the home and the Council as a driver to enhance the quality of care

provided. They also host regular care home forums for all Merton care homes around themed forums based upon topical issues such as dementia care. They also produce a monthly newsletter updating care homes on what has been going on in the care home market locally. This will support sustaining service improvements and the sharing of best practice for carers and providers within the borough. Merton will also use this opportunity to better understand needs of self-funders on providers and the market more broadly.

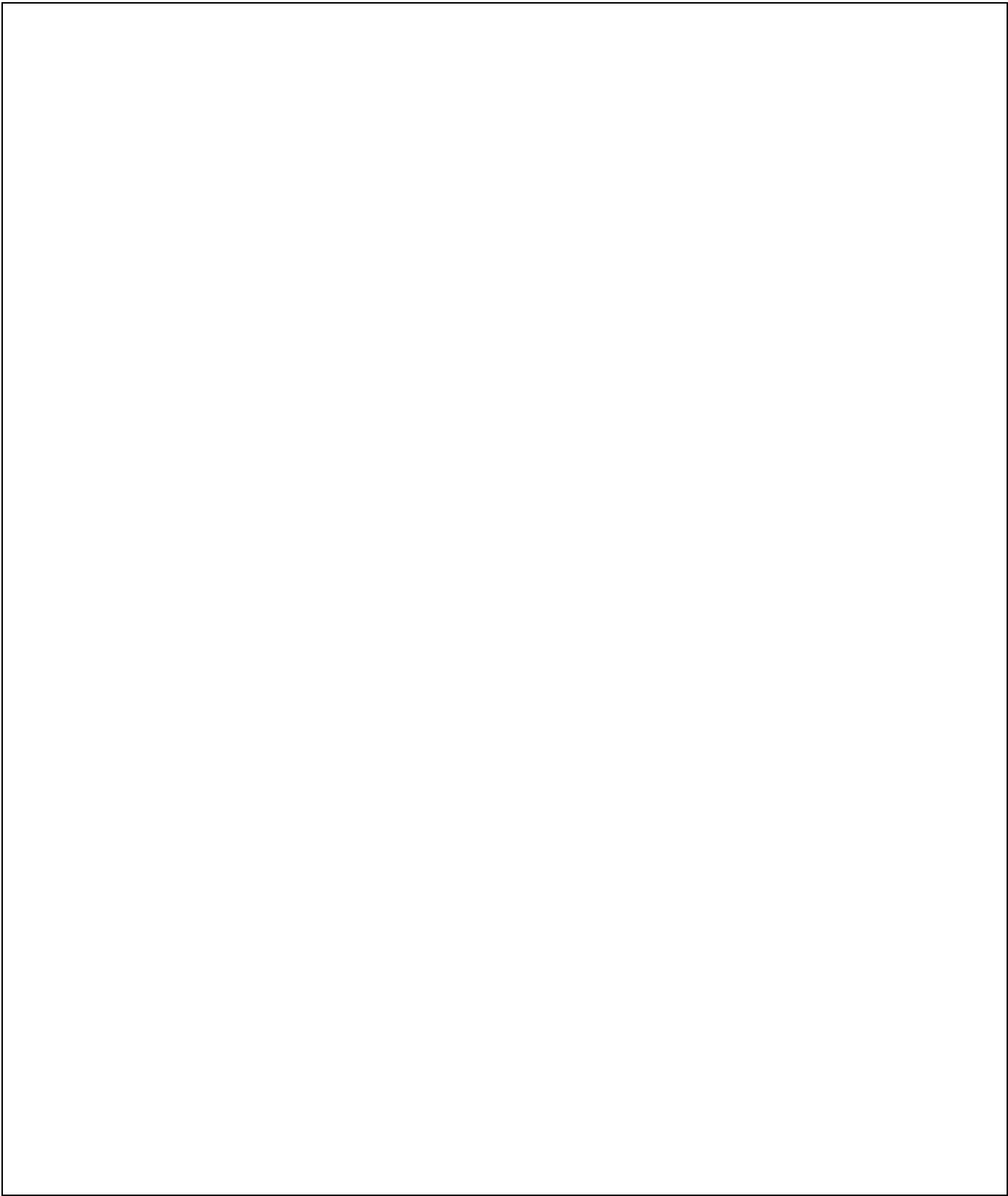
Home Care market

To address demand pressures in homecare and to enable a more strategic response to national policy including embedding of wellbeing and health improvement, including Cost of Care, we are recommissioning our homecare contracts within the next 12 months. In seeking to finalise a new service model prior to going out to tender, we recognise that the cost of care will be a key consideration in establishing the sustainability of the homecare market. The logic of connecting the implementation of the Cost of Care requirements to the recommissioning of the services is a key factor in Merton's proposed homecare recommissioning. We will need to determine the implementation timescale and reflect this in the pricing arrangements for the new contracts (in addition to the usual inflation related uplift arrangements).

The current contractual arrangements are based on providers paying National Living Wage (NLW) as a minimum. Merton's ambition is to incorporate London Living Wage (LLW) as a minimum into all new contracts. For our home care contracts this is currently estimated to create a cost pressure of between £1.1million and £1.5million per annum. As part of the recommissioning process Merton will sign up to the Ethical Care Charter developed by Unison. This sets out a series of commitments that support improved working conditions for the home care workforce with the presumption that this translates into improved wellbeing and quality of care. A number of these commitments relate to good practice and will be incorporated into the specification in any case, but there are specific commitments around fixed hours contracts and occupational sick pays schemes that have potential cost implications. In terms of supporting the local economy, we will seek to frame the service specification and tender requirements to enable local SME sized organisations to be able to bid competitively. As referenced in section 7 below Merton will do more to understand what the optimal geographic make up of Lots are for the new arrangements. There is a complex interplay between alignment with other relevant services (Primary Care being a key one); ease of rostering and operational delivery; maximising active green travel options; and ease of recruitment.

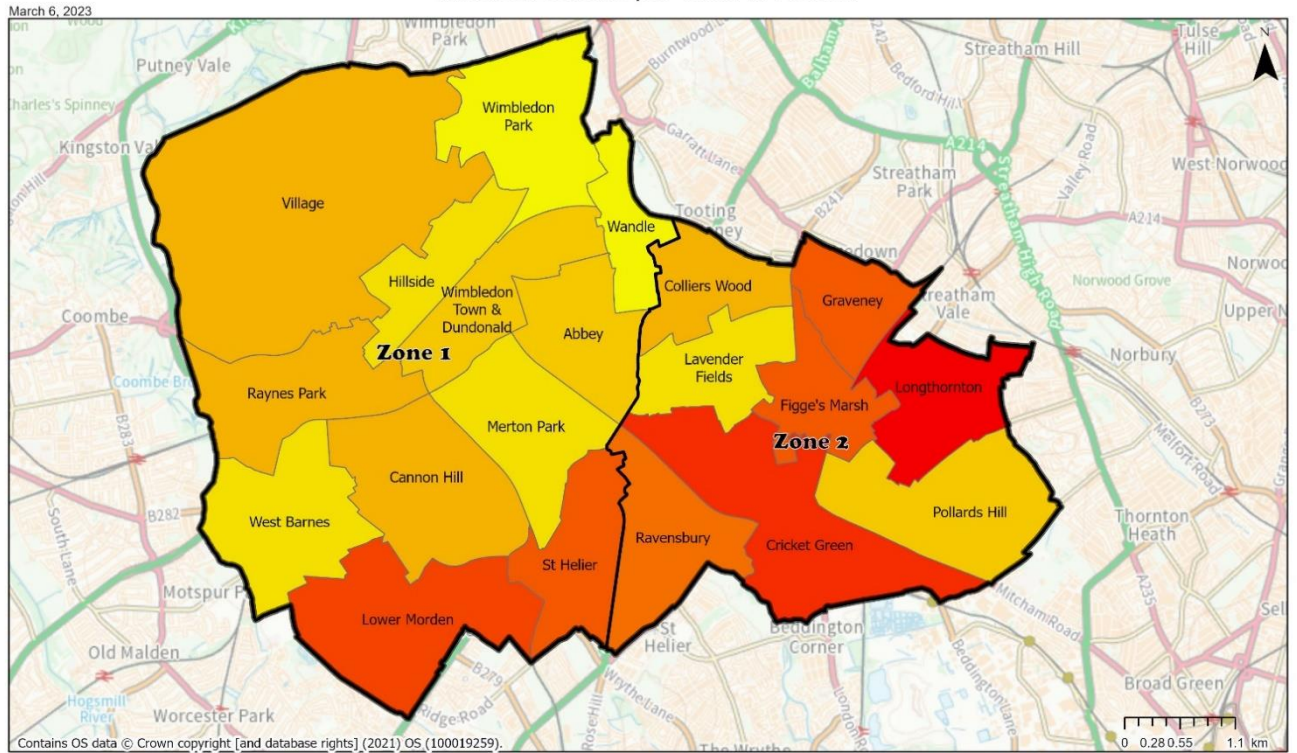
Integration and Alignment: As alluded to above, as well as geography, there is also a need to consider how we optimise integration alignment with a range of other services delivered to vulnerable individuals in their own homes and local communities. The new home care framework is now geographically based on two zones, to resolve issues of the current model, relating to areas of the borough where it is more difficult to commission new packages of care.

The proposed boundary between the two zones will match the relevant ward boundaries as illustrated in Maps 1 and 2 below. A snapshot of the homecare hours and number of customers illustrate how the proposed arrangement is split relatively evenly between the two areas. These maps also include the placement of GP surgeries within the Primary Care Network clusters. Twelve GPs surgeries are located within Zone 1, while nine GP surgeries are located in Zone 2. One GP surgery, which serves the Lower Morden area is located just outside the border of Merton within the London Borough of Sutton.



MAP 1

Homecare hours per Ward in Merton

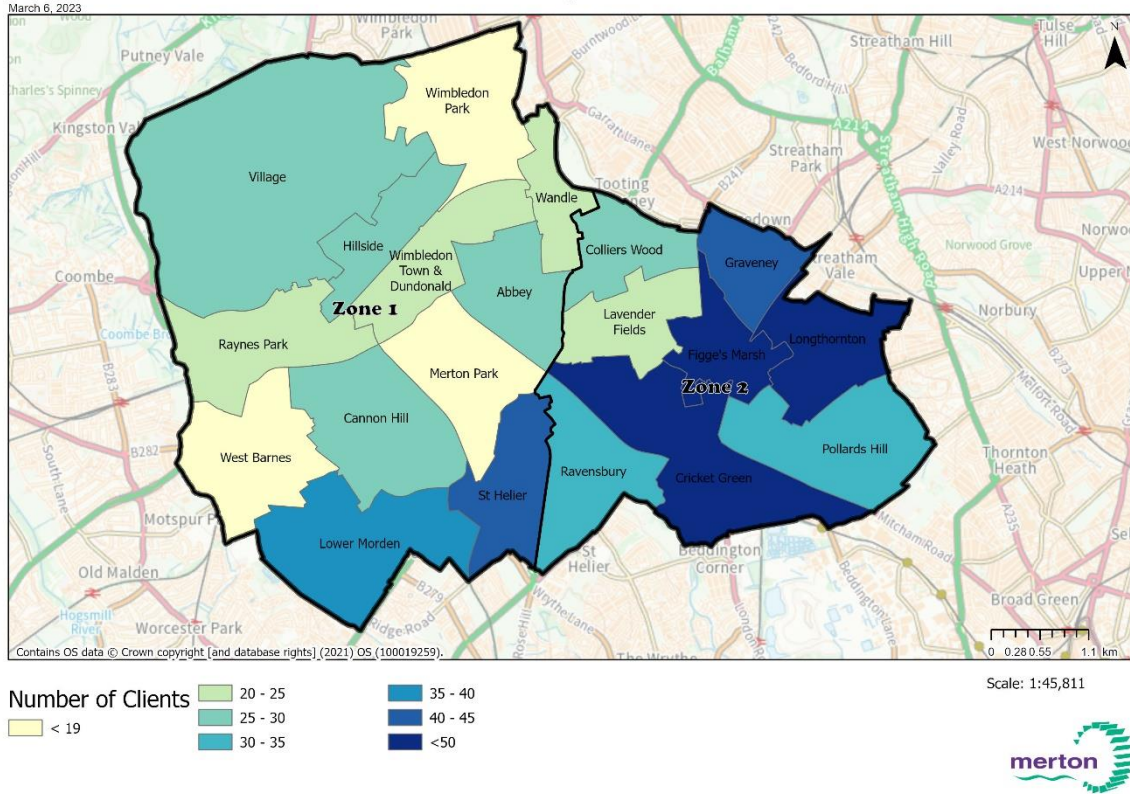


Homecare Hours	300 - 350	500 - 550	700 - 750
<250	350 - 400	550 - 600	<800
250 - 300	400 - 450	600 - 650	
	450 - 500	650 - 700	



MAP 2

Number of Clients per Ward in Merton



Reablement and maximising independence: We have a successful Reablement model that has a strong track record in reducing and delaying the need for ongoing care and support. In developing the new service model, we want to look at ways in which that focus on maximising independence can be incentivised both in the way that the service is specified but also potentially in payment structures, although the evidence on whether payment based incentivisation has the desired impact is mixed.

The commissioned agencies have been willing to work in partnership with our Adult Social Care (ASC) Contracts Team to review and improve their quality assurance processes and provide supporting evidence of their actions to sustain good standards and improvements. The ASC Contracts and Safeguarding Team also works with internal and external partners who may raise safeguarding and quality concerns based on their observations when visiting customers of a commissioned agency. Merton will continue to work collaboratively with providers in a supportive manner to achieve positive quality assurance outcomes for Merton residents.

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

The cost of care exercise has highlighted concerns Merton has with regards to the feasibility of materially moving towards a calculated cost of care in the short to medium term. Our view is that the cumulative cost of implementing the charging reforms will add pressure to Councils budget at a time when wider cost reductions are widely expected. Until such time as we understand the full impact of the charging reforms, other pressures on the Council's budget and the amount of grant to be provided by Government we are unable to set out any definitive plans for increasing rates paid to providers beyond allowing for inflationary pressures. The calculated cost of care is only one aspect of our overall approach to setting rates.

The response rate for data returns from our homecare provider was relatively low, despite significant engagement work, and therefore we have attributed less weight to this data in the determination of the cost of care in Merton. The median rates produced in the exercise are significantly higher than the current rates we are paying although for home care this is masked somewhat by the incrementally higher rates we pay for 45 minute and 30 minute visits, which increase our average price paid. With respect to the present Cost of Care funding allocation we have used 25% of the funds to support the preparation of our plans and then targeted the remainder at providers as one-off additional payments for 2022/23. Given the concerns set out above we view this as being a prudent and sustainable approach in the short term.

65+ care homes market

Merton now set up a programme group driving forwards implementation of the charging reforms. This group will provide financial and operational modelling for the impact of these reforms and include within this an ongoing analysis of our care homes market, and a better understanding of self-funders within Merton's care homes. We shall assess the operational changes needed for care management and supplier systems. We are also modelling the financial impact on the Council – both for staffing (financial assessment, care management, support staff etc.) and the financial impact of the changes to the Care Cap and the implementation of Section 18(3).

With respect to ongoing joint commissioning between the Council and NHS, there are residents funded by NHS at the 3 supported living schemes recently commissioned by the Council. We are currently co-working with NHS SWL St. George's Trust and Complex Care Programme to joint commission a Supported Living framework due to commence around March 2024.

18+ domiciliary care market

As stated above Merton is now recommissioning its home care contracts. Following the Council's decision to become London Living Wage accredited, the tender for home care services will require all successful bidders to pay all employees wholly or substantively engaged in the delivery of services under the contract London Living Wage as a minimum. To continue improvements in the standard of homecare throughout our communities, Merton will adopt UNISON's Ethical Care Charter to ensure homecare workers are treated with dignity as they care for the most vulnerable. This will provide a platform for co-operation on implementing the framework between Merton, providers, NHS, care workers and customers. To ensure that the Homecare service is well-structured and that the tenders is accessible to a wide variety of providers, it is proposed the tender will be offered in five Lots as described below:

Lot 1 – 2 Prime providers

Lot 2 – 2 Prime providers

Lot 3 – Maximum of 6 Supplementary Providers (deployed across all zones)

Lot 4 – Mental Health for working age adults (specialist provision - deployed across all zones)

Lot 5 – Personal Support Services for children, young people and adults with learning disabilities (specialist provision – deployed across all zones)

Prime Providers: Appointment of two providers to each geographic area rather than the current one per area, will enable reduction of the risk that new care packages cannot be commissioned via the geographic lots. This approach will also allow for resident choice as individuals will have the option to express a preference for one of the two providers. There will be an increased emphasis on encouraging local provision, by requiring registered locations in the borough, on local employment, including links with local further education colleges and other local recruitment channels and embedding wellbeing of residents and staff.

Supplementary Providers: A maximum of 6 supplementary providers, who can cover the whole borough will be contracted. A smaller number of 'back-up' SME local providers will make contract management arrangements more manageable. **Specialist Providers:** Mental Health for working age adults. Specialist provision refers to instances where a Social Worker or other professional has assessed a customer and determined that the standard service does not meet his/her requirements. This Lot will consist of providers offering specialist services for people with mental health needs.

Specialist providers will not be restricted to operating in any specific zone(s) and will work across the whole borough. **Specialist Providers:** Personal Support Services for children, young people and adults with learning disabilities. This Lot will consist of providers offering specialist services for children, young people and adults with learning disabilities customers. Specialist providers will not be restricted to operating in any specific zone(s) and will work across the whole borough. The inclusion of young people in this Lot allows for continuity of care when young people with long term care needs are transitioning from Children's Social Care to Adult Social Care.

There will be an emphasis on a 'reablement' type model, with an increased emphasis on re-enabling customers with options explored to incentivise reductions in package size over time. There is no guaranteed number of hours offered to any provider. However, a high expectation will be placed on prime providers to meet demand first. Their ability to deliver will be monitored and managed closely by the Contract Management team.

Electronic call monitoring: All Prime Providers and Supplementary Providers will be required to use CM2000. The system electronically monitors the provision of care to all customers. Visits commissioned are recorded electronically in real time. The system also generates electronic timesheets and invoices, again based on actual care delivered. The CM2000 system generates alerts and will be monitored by the Provider on a daily basis.

There will be an emphasis on maximising social value through robust use of the Council's social value policy and toolkit. Prime, Supplementary and Specialist providers will be required within contracts to detail how they will maintain Merton's Social Value objectives within their contracts, including wellbeing and environmental sustainability. The performance of the providers on social value will form part of the contract monitoring, undertaken by the Contract Monitoring team.

We continue to meet monthly with a range of professionals/organisations across health and social care (including Council safeguarding, Public Health, commissioning and contracts managements, CQC Adult Social Care Inspector, ICB Care Home Pharmacist, CLCH, Clinical Team Leader London Ambulance service, Merton Seniors Forum).

The aim of the group is to acquire a holistic picture of CQC regulated care homes and agencies in Merton and to respond to quality assurance concerns to ensure CQC regulated services in Merton meet the needs of the residents and provide the best care.

The group also identify areas of potential risk and agree action plans to make improvements where gaps, duplications, policy, procedural and training issues are identified.