

**OLDER PEOPLE'S ACCOMMODATION STRATEGY UPDATE**

**To:** Commercial & Investment Committee

**Meeting Date:** 18<sup>th</sup> October 2019

**From:** Will Patten, Service Director, People & Communities

**Electoral division(s):** All

**Forward Plan ref:** N/a                      **Key decision:** No

**Purpose:** The purpose of this paper is to update the committee on the progress made by the Older People's Accommodation Strategy in securing sustainable, quality and affordable residential/nursing care provision.

**Recommendation:** The Committee is requested to note the update provided.

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## 1. BACKGROUND

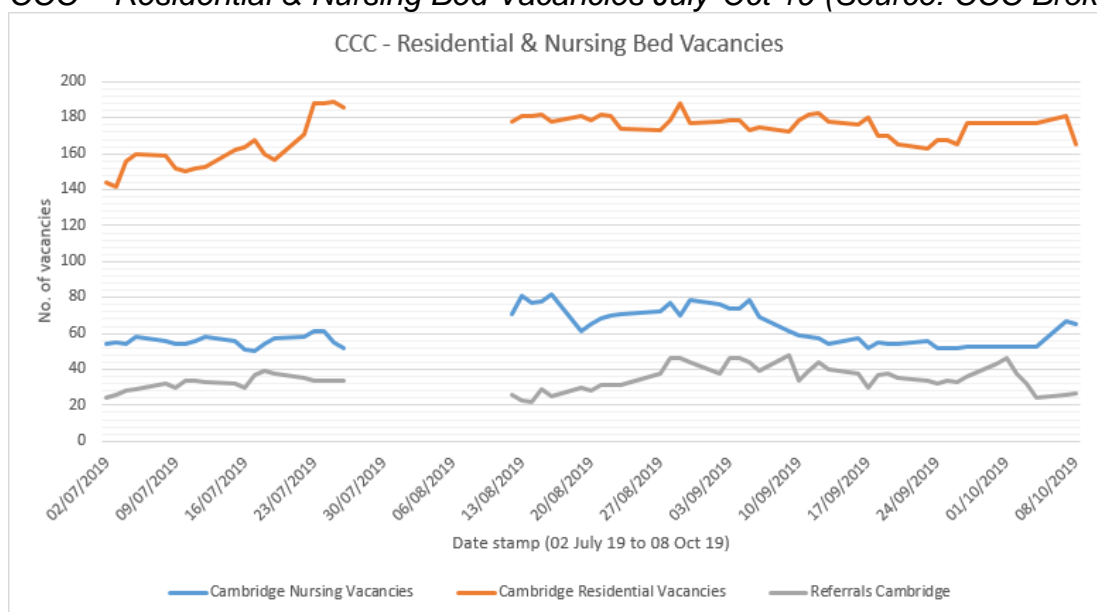
- 1.1 In 2018/9, Cambridgeshire County Council (LA) spend approximately £51m pa on residential/nursing care of which £10.7m was spent on block beds (contracted beds retained solely for LA use) and £40.8m on spot beds (individually purchased placements).
- 1.2 The number of people accessing LA residential/nursing care fell during 2014/5 – 2017/18 but rose slightly in 2018/19. People are living longer and generally entering care at an older age and with more complex needs.
- 1.3 Commissioners have developed an Older People's Accommodation Strategy to secure sustainable, affordable and quality bed-based provision for the LA. The strategy is based on 4 key strands; an increase in the proportion of block beds and reduction in spot purchasing, effectively 'hedging' against continued rises in market prices; development of alternative delivery models; a range of demand management initiatives to reduce flow into care and lastly income generation from the self-funder market.
- 1.4 This report provides Commercial & Investment Committee with a summary overview of the market context, an outline of the Older People's Accommodation Strategy and brief update on its work-streams.

## 2. MAIN ISSUES

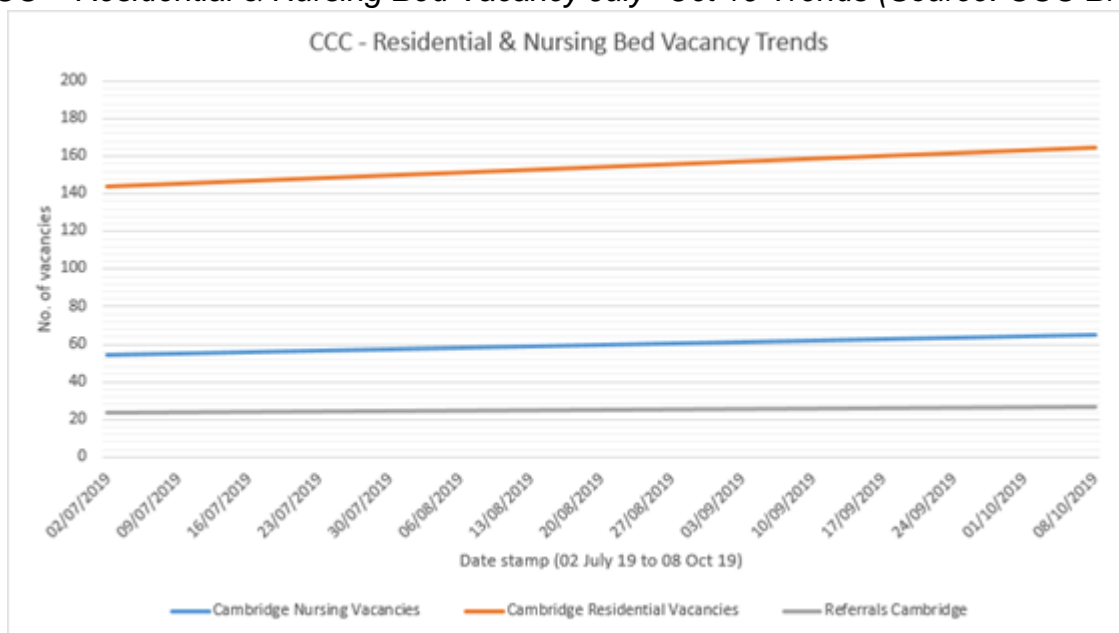
### 2.1 Market forces and rising cost of care

- 2.2 The rising cost of care in Cambridgeshire is not solely due to supply and demand issues. The graph below illustrates the number of empty beds available across the county as reported by providers against the number of referrals requiring LA funded beds, suggesting there is capacity in the market.

#### 2.3.1 CCC – Residential & Nursing Bed Vacancies July-Oct 19 (Source: CCC Brokerage)

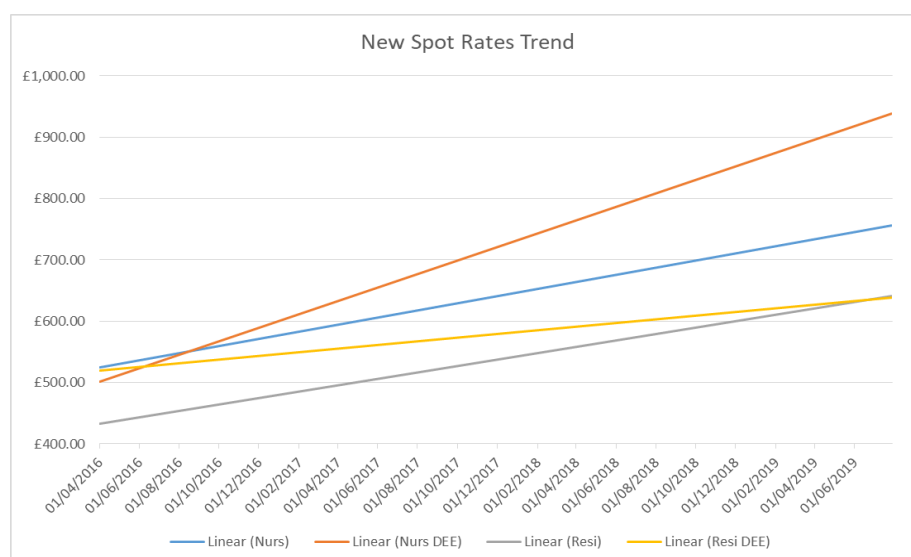


### 2.3.2 CCC – Residential & Nursing Bed Vacancy July- Oct 19 Trends (Source: CCC Brokerage)

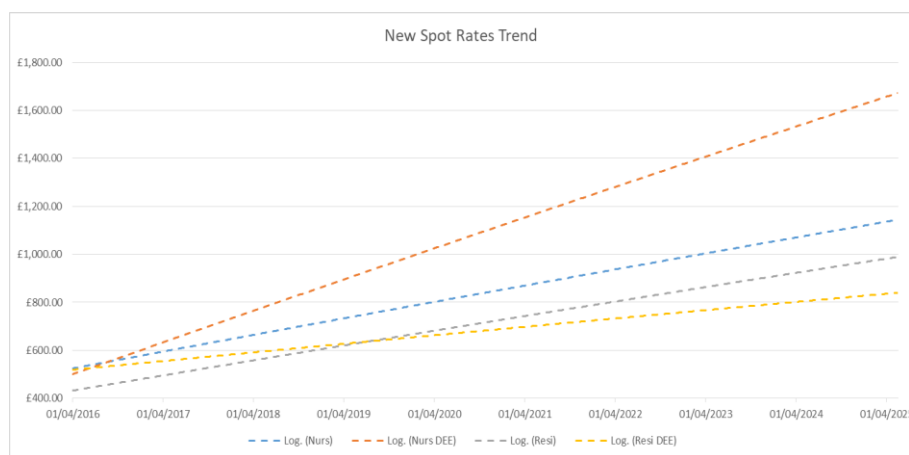


2.4 Market prices have increased due to a combined range of factors. Providers have experienced a number of increasing cost drivers in recent years stemming from recruitment challenges, changes to the national living wage, pension contributions, regulatory requirements and increases in the cost of goods and services. At the same time, LA's have sought to maintain affordable fee levels. Higher fees paid by a buoyant self-funder market, higher fees paid by the NHS (for nursing beds) and, in some localities, a shortage of provision have also contributed to increasing cost of care.

2.5 Of the residential and nursing care purchased by the local authority, c. 75% is spot purchased. Spot purchasing costs are subject to greater fluctuation and the local authority has less control over prices than those purchased via block contracts. The graph below shows the average weekly price of spot purchased beds has increased significantly since 2016 across all care types due to the factors outlined above.



2.6 Forecasted spot purchased bed cost in the graph below predicts a continued growth trend.



- 2.7 The local authority faces a further pressure from a significant proportion of current spot placements which are below current market rates (due to placements being historic in nature and the costs not increasing in line with market place inflation).
- 2.8 If no action is taken, a potential cost pressure will emerge over the next c.1-5 years as placements expire and new placements continue to be spot purchased at current market rates. For instance, if the current 'lower cost' placements were to expire and the beds subsequently purchased at the current average market rates, this would represent an additional cost of £4.3m to the local authority. In reality, this attrition is likely to occur over a number of years and, in doing so, is likely to be affected by inflationary factors and population growth.
- 2.9 **Older People's Accommodation Strategy - our approach to achieve sustainable, affordable and quality capacity**
- 2.10 Within the Older People's Accommodation Strategy, commissioners have set out a 4 strand approach to reach a sustainable and affordable position in relation to residential and nursing provision for older people. These are set out below.

*(i) Increase capacity and market control*

This approach seeks to obtain additional capacity by encouraging the market to develop additional beds. To gain greater control over market forces, the LA is seeking to increase its proportion of block beds and reduce spot purchasing, effectively 'hedging' against continued rises in market prices.

*(ii) Develop sustainable delivery models*

There is increasing acknowledgment that the sustainability of traditional models of residential and nursing care is becoming increasingly challenging. Commissioners are working with the market, regulator and NHS partners to develop alternative models of residential and nursing care which can offer more security to residents and repatriate costs currently borne by the LA to the appropriate agency.

*(iii) Manage demand for LA residential/nursing care*

A range of programmes are underway in commissioning and via the Adults Positive Challenge Programme to prevent and delay demand and ultimately reduce flow into LA funded care.

*(iv) Create income from the self-funder market*

Self-funder agreements within block contracts will enable providers to utilise empty LA block beds for self-funders, generating income for and reducing the cost of voids to the LA.

**2.11 Update on work-streams within the Older People's Accommodation Strategy**

- 2.12 The following section summarises work undertaken and currently in progress within the 4 key strands of the Older People's Accommodation Strategy.
- 2.13 A number of actions have been taken to obtain additional affordable nursing and residential capacity. Detailed modelling as a result of the care homes development programme in 2017 identified an immediate need for an additional 150 beds. To date we have increased LA block bed capacity by an additional 85 beds as outlined below.
- 2.14 In 2018/19, Work stream 1 of the Care Homes Development Programme offered existing block contract providers the opportunity to increase the number of block beds on their contract, resulting in 39 additional beds.
- 2.15 In Spring 2019, a tender was issued to gain 111 additional beds under Work stream 2(a) of the Care Homes Development Programme. Subsequently, a contract has been awarded to a provider to deliver 48 beds in Huntingdonshire. Mobilisation discussions are under way and commissioners anticipate the units being available within 24 months.
- 2.16 During summer 2019, negotiations to extend current block bed contracts secured a further 28 additional beds, increasing the total current block bed count to 373.
- 2.17 A tender is scheduled for October 2019 to obtain a further 93 additional beds as part of the Care Home Development Programme. This tender also seeks to procure 234 existing beds on a block basis, encouraging providers to convert their current spot purchased placements into block contract arrangements. This will increase the proportion of block purchased beds to a c.50:50 spot to block ratio, hedging against increasing market prices.
- 2.18 In 2017 we initiated Work Stream 3, a competitive dialogue process to enter into a strategic partnership with a care home provider to use council owned land to design, build and operate 3-4 care homes across areas of greatest demand across Cambridgeshire. This continues with two bidders remaining in the process. Commissioners are working with Palace Green Homes, East Cambs District Council and CCS NHS Trust to explore a potential site for a residential care facility on or adjacent to the Princess of Wales Hospital site in Ely. Work is ongoing to identify suitable, available LA sites. However, new tenancy based models for residential/nursing care are emerging that may offer a more sustainable alternative to traditional care models (see 2.19, 2.20 and 2.21).
- 2.19 Commissioners are developing a care-suite model as a tenancy-based alternative to residential and nursing care, based on learning from other local authorities. Care suites

tend to offer larger rooms than traditional nursing homes and afford individuals greater legal rights over their accommodation than traditional residential/nursing care home models. They also provide a sustainable delivery solution to shortages in quality, affordable bed-based care provision.

- 2.20 Commissioners are currently refining the model and engaging the market in identifying opportunities for conversions of existing care homes. Opportunities to develop a new build care suite in Huntingdon are also being explored. It is intended to build the care suite model into the recommissioning of block beds ready for 2021.
- 2.21 A review of Extra Care housing has been commenced to assess its potential to maintain tenants with more complex needs, thereby providing a cost effective alternative to residential care. This will allow more older people to choose to remain in their home environment for longer as their needs increase, rather than necessitating a move into residential care. The outcome of the review and associated commissioning recommendations is anticipated around December 2019.
- 2.22 Continued in-depth market assessment and a review of future bed requirements will inform the volume and type of provision to be commissioned on a block basis in 2020/21. Dependent on the level of organic growth in the market during this time and the evolution of Extra-Care and Care Suites models, it may be possible to secure sufficient additional, affordable beds for future needs, thereby reducing the need to build our own.
- 2.23 In order to maintain pace on these developments, the Service Director for Commissioning has set up an Older People's Accommodation Board which is meeting monthly to deliver against a clear set of strategic commissioning intentions encompassing the above.

### **3. ALIGNMENT WITH CORPORATE PRIORITIES**

#### **3.1 A good quality of life for everyone**

The following bullet points set out details of implications identified by officers:

- Acquiring quality residential and nursing capacity is central to our commissioning approaches
- Developing alternative tenancy-based models of care offers individuals greater legal rights over their accommodation than traditional residential/nursing care home models

#### **3.2 Thriving places for people to live**

- Block contracts offer providers guaranteed income, supporting market sustainability and workforce retention.
- Increasing market capacity may lead to the creation of new jobs in the care sector

#### **3.3 The best start for Cambridgeshire's children**

See wording under 3.2 above.

## **4. SIGNIFICANT IMPLICATIONS**

### **4.1 Resource Implications**

N/A - Significant resource implications (where identified) have been addressed via reports to Adults Committee.

Section 4 Leads sign off not required as report is for update purposes only and does not require a decision from this Committee.

### **4.2 Procurement/Contractual/Council Contract Procedure Rules Implications**

*See wording under 4.1.*

### **4.3 Statutory, Legal and Risk Implications**

*See wording under 4.1.*

### **4.4 Equality and Diversity Implications**

*See wording under 4.1.*

### **4.5 Engagement and Communications Implications**

*See wording under 4.1.*

### **4.6 Localism and Local Member Involvement**

*See wording under 4.1.*

### **4.7 Public Health Implications**

*See wording under 4.1.*