

Annex C: final market sustainability plan template

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

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

According to the 2021 census, Essex has a population of 1,503,300 residents with 20.6% of the population over the age of 65 and 2.8% over the age of 85. In Essex there are 154 Providers with 206 CQC registered Care Homes for Older People which equates to 10,136 of beds/placements within Essex. Out of these beds/placements, there is an approximate 15% vacancy rate of the total bed availability.

As of February 2023, there were 3,458 Adults funded by Essex County Council with managed services, with the remaining 6678 beds which is 66% of the total bed capacity occupied by adults that are either private funders, other local authorities, or health funded. In total, Essex County Council placed 1,706 people into long term residential or nursing placements throughout 2022 with the average length of stay being 2 years.

Essex has a strategic ambition to reduce permanent admissions into residential care, in line with the continuing trend in demand, the national ambition set out in the Better Care Fund planning guidance and in line with our ambition to support people to live as independently as possible in their own homes for as long as possible. In 2021/22, Essex outperformed the national average rate of admissions into permanent residential care for adults over 65 with just 368 adults per 100K admitted versus a national average of 538 and by the end of Q2 2022/23 we have further improved on this measure reducing the rate to 315 adults per 100K of population.

In March 2022 Essex had 228 short term residential placements this has now decreased by 22% to 176 short term placements in December 2022.

- Of those that are entered into a short-term residential placement 53% converted into a long-term placement within Adult Social Care.
- As a result of the pandemic, Essex has seen an overall decline in permanent occupancy levels within residential care settings impacting on their viability and sustainability.
- We have also seen an increase in residential placements from health's CHC pathway 3. It is calculated that 85% of adults entering into residential placements from the CHC pathway 3 are changed to a social care funded residential or nursing placement. This places considerable financial pressure on Adult Social Care on average, it is estimated the cost to the local authority could be an additional £342 per week per placement as CHC residential and nursing placements are commissioned outside of our social care frameworks.

Essex has 2 providers that have a large number of care homes across Essex. The majority of providers have fewer than 3 care homes. The average residential home in Essex has 49 beds. A number of providers will not take local authority placements in Essex and will only work with us if it is due to a capital fund drop.

Essex County Council has an Integrated Residential and Nursing (IRN) Framework jointly commissioned with Health. The current spend is £129.9 million per year on managed services. There are 77 residential providers with 138 care homes and 25 nursing providers with 35 care homes on the framework. Each year an annual refresh allows providers to update their pricing matrixes to reflect inflationary pressures based on a local cost of care methodology (prior to the recent national exercise).

The 2022/23 pricing matrix range for our providers is between £563.08 and £690.90 for residential care and £609.07 and £841.26 for nursing care (which excludes FNC). Most of our providers submit their prices at the top end of the pricing matrix. Essex also allows for 3rd party top ups for adults or families choosing to pay funding for additional services and an exceptional needs payment of £80.01 for adults that have been identified as complex needs. Work is underway to uplift our exceptional needs payment to £140 from April 2023.

77% of sourced residential packages are picked up through the IRN contract, and 23% of packages are picked up through our spot contracts. This is largely in line with our ambition for 80% of placements to be via our framework. The current average contract rate for Essex County Council, taken from February 2023 is £619.35. The average spot contract rate is £813.43 which is 31.3% higher than our standard contracted rate.

35% of sourced nursing packages are picked up on the framework, and 65% of packages are picked up through our spot contracts. This represents a significant shift away from our framework contracts and an increased dependency on spot. The current average nursing contracted rate for Essex County Council, taken from February 2023 is £686.16. The average spot contract rate is £957.65 which is 39.5% higher than our standard contracted rate. Work is underway to uplift our nursing framework rates by 20% from April 2023.

In the Eastern Region, 45% of adults receiving short or long-term care are self-funding, of these around 25% of these adults will at some point require social care intervention due to their capital dropping below the threshold. Providers prefer to secure rates with the adult or family direct at higher rates. ECC has approximately 720 adults on an ECC Contract who are self-funding, their average rate is £623.43 per week for residential care and £841.00 per week for nursing care.

As of 1 February 2023, 98.5% of the 206 Care Homes Registered to support Older People in Essex had been inspected and rated by the CQC. Of the 203 Care Homes inspected, 3.45% (7) have been rated as 'Outstanding', 73.4% (149) have been rated as 'Good', 22.17% (45) have been rated as 'Requires Improvement', and 0.99% (2) have been rated as 'Inadequate'. This means that nearly 4 out of 5 Older People Care Homes in Essex are rated as 'Good' or 'Outstanding', which is comparable to the Regional (76.5%) and National (78.6%) data.

Essex County Council does not have specific supply issues in residential care, we do not have a waiting list of Adults requiring a placement. We have an oversupply of residential care in North Essex, however outside of north Essex the Adult is likely to be placed outside their residing district. There is supply issues for nursing placements across Essex, particularly when an Adult has complex needs or dementia care.

Essex is aware that there are approximately 3,600 vacancies in the carer workforce across Essex for both residential and community-based services. 10,000 people provide direct care in a residential setting and 600 are nurses. Providers are expressing concerns on the recruitment and retention of carers and are having to invest in international recruitment campaigns to increase capacity within their organisations. As part of our workforce strategy the Council have a new recruitment campaign and are collaborating with providers on international recruitment.

Evidence from our provider submissions from the Fair Cost of Care exercise indicated that on average carers are paid between £10.56 - £10.79 per hour and nurses £19.35-£19.61 per hour.

The outcome of the Fair Cost of Care exercise provided a blended median rate for residential care of £851.60 per week and for nursing care £922.45 per week (excluding FNC). On average this is a 23.2% increase on residential and 6.6% increase on nursing care from existing rates.

The Council have reviewed the inflationary pressures for 2023/24, using our internal cost of care modelling, taking into account NLW increases and Bank of England CPI & RPI predictions at the time of budget setting resulting in a blended rate of 7.9%, which we have proposed to round up to an increase of 8% on our framework rates from April 2023. The continued national pressures such as the energy increases and cost of living crisis for the workforce are impacting our care homes and their capacity. An increase in demand in bed provision to support short term placements from hospitals is an additional administrative task expected from our care homes with an increasing need for nursing, occupational therapy or services to ensure adults return home.

Out of our total care homes across Essex, there are 17 homes considered to be at risk of closure or provider failure, these care homes are being monitored. The Council are taking an active approach through market shaping to managing market risk.

The delay in the social care reform allows the Council to work with providers to actively shape our care home market and ensure providers are prepared for October 2025.

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

Our strategic aspiration is that people should be supported to be as independent as possible for as long as possible and enabled to live in their own homes. The domiciliary care market, along with other types of community support and the provision of care technology, are critical for helping us to achieve that ambition.

According to the 2021 census Essex has a population of 1,503,300 residents. 56.6% of the population are over the age of 20, 20.6% are over the age of 65 and 2.8% are over the age of 85.

Over the last 3 years the number of adults in receipt of domiciliary care funded by the Council has increased by 6.6% and the number of hours being commissioned by the Council has increased by 8.2% over the same period. It is estimated that 12,878 adults received domiciliary care in Essex and as of February 2023, 6,372 adults are managed by Essex County Council. Approximately 50-55% of adults receiving domiciliary care are self-funding.

As of February 2023, Essex commissions 116,000 hours of Domiciliary care per week for Essex funded adults. The average package size for an adult has increased from 10 hours to 14 hours per week which indicates that packages of care are more complex, and adults are staying at home longer in the community.

On average an adult receiving long term services may have a package variation every 12-18 months.

Each month Essex will source 550 domiciliary packages, make 600 changes to existing packages of care and make 500 suspensions, restarts and terminations.

As of February 2023, there were 325 CQC domiciliary locations registered in Essex. Of the 325 locations, 284 have been inspected by the CQC, of which 89.9.% (254) have been rated as either 'Good' or 'Outstanding'. Since April 2022 8 Providers have exited in the last 12 months.

The Council currently spends approximately £126m per year on domiciliary care. Essex commissions domiciliary care from 282 providers of which 123 providers are on our Live at Home framework. Typically, there are around 6,372 adults receiving long-term services at home at any given time, with an average hourly rate of £21.32. The current utilisation of our framework contract is 58% representing a decrease from previous levels, however due to an increase in demand in services and lack of workforce, Essex County Council have had to use our spot market to source packages.

Recent engagement with our domiciliary providers has identified their expressed concern in recruiting and retaining carers. Providers are particularly concerned with the recent increase in the cost of living and fuel inflation, as Essex is geographically large and diverse and has many areas that are extremely rural. Since August 2022 the Council have been working with providers to decrease our levels of unsourced packages of care. As of February 2023, the volume of unsourced care has fallen to 28 people amounting to 281 hours per week.

Essex in total has 12 districts and has a varied demography of urban and rural mix. Essex has supply issues in the in the Uttlesford, Maldon and Braintree districts of the Essex County Council area, this is mainly due to rurality and the demography of residents in that area. We are noticing that, where packages of care are in extremely rural spots, providers are resistant to picking up the package unless the package length is larger or they are paid additional money for travel expenses.

There are also pricing issues in Epping Forest and Brentwood districts which have a series of towns and rural areas bordering London. This impacts our carer workforce and capacity due to the higher London Living Wage and therefore these parts of Essex are required to pay higher rates for capacity.

There is also increase in demand for care within the community; the domiciliary care market is being requested to pick up additional care packages for short term reablement either through spot contracts or specific contracts supporting hospital discharges or reablement services.

Out of the 23,500 direct care roles 12,500 are domiciliary care workers. 90% of all jobs are permanent with 57% full time and 43% part time. As of April 2022, Government have set the National Living Wage for adults over 23 at £9.50, for those aged 21 and 22 at £9.18 and for those between 18 and 20 at £6.83 per hour. The rural nature and size and scale of Essex means that for most areas it is essential that carers can drive and have access to a car. The recent increases on cost of living and fuel costs have been challenging for existing carers and make the profession less attractive at current pay and mileage rates Evidence from the Fair Cost of Care exercise indicates that domiciliary providers are paying their workforce on average £11.20 per hour. Carers on average have 11.5 minutes per contact hour used as travel and on average mileage per payment mile is £0.33p.

Essex currently has over 3,600 care sector vacancies across the County. It is estimated that Essex will require an additional 11,000 jobs in the social care sector to meet expected workforce demand by 2040. This is a 27% increase on the existing workforce. Essex providers are suggesting that they need to pay their carer workforce a minimum of between £12.00 and £14.00 per hour if they wish to recruit and retain carers in the market.

As a result of completing the Fair Cost of Care exercise for our domiciliary care market the median rate for Essex in 2022/23 is deemed to be £23.42 per hour which is a 11.7% increase on the existing rates.

The Council have reviewed the inflationary pressures for 2023/24, using our internal cost of care modelling, taking into account NLW increases and Bank of England CPI & RPI predictions at the time of budget setting resulting in a blended increase at a rate of 8.5% to meet 2023/24 prices.

The delay in the charging reform allows the Council to work strategically to uplift rates and review aspects of our domiciliary service model prior to recommissioning our domiciliary framework in 2025. The Council is keen to ensure our carer workforce financially benefit from additional funding applied into the market and ensure we work towards our new marking shaping strategy. Continued work with our domiciliary providers is necessary to ensure we have a sustainable market and providers are aware of the impact of the Social Care Reform on their business. It is expected that increasing rates over the next 2 years will provide financial sustainability to the market.

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

Essex County Council have a Market Position Statement that provides key information on our resident's demography, benchmarking insight, existing market pressures and current commissioning intentions across our adult social care market. www.essexproviderhub.org/the-essex-market/market-position-statement/

Throughout 2022, the Council engaged and collaborated with Providers, Adults with Lived Experience, Social Care Teams and our NHS partners to understand existing market pressures and to develop a Market Shaping Strategy whilst completing the Fair Cost of Care exercise. During this time Questionnaires, webinars, 1-2-1 Interviews, collaborative workshops and engagement sessions were held alongside our engagement on the Fair Cost of Care exercise to form the key themes

and priorities set within our Market Shaping Strategy. Collaborative engagement with all parties continues to shape and influence our decision making within our markets.

The Council has developed a new Market Shaping Strategy which sets out our key priorities and themes required to shape our social care market over the next 7 years and sets the expectation of how we plan to shape our market. Our priority key themes are:

- Addressing care market workforce and recruitment and retention challenges
- Ensuring effective management of capacity and demand, both now and for the future
- Putting lived experience of the person at the centre of what we do
- Ensuring delivery of good quality services
- Utilisation of technology that maximises independence and workforce efficiency
- Promoting the financial sustainability of the service as a whole.

Our market shaping strategy focuses on providing more community-based services, which includes increasing short-term care, and the early help offer, and we would like to:

- Reduce reliance on residential care, where there is currently an over-supply of beds, in favour of supporting people in their own homes and communities.
- Increase provision for complex care, where there is growing demand, especially nursing and placements for Adults with complex needs or behaviours.
- Increase and evolve community-based services such as domiciliary care and other services that support the adult to remain independent at home.
- Develop a wider range of accommodation options that can provide community-based alternatives to residential care, such as Supported Living services.
- Increase the use of Personal Assistants, Micro-enterprises, Individual Service Funds and Direct Payments to optimise adults' ability to exercise choice and control
- Improve our short term and early help service offer to reduce demand for long term care services.

A workforce strategy has been developed alongside an action plan that works to address recruitment, training, and upskilling of the workforce whilst we work on improving access to the pipeline of new workers, better terms and conditions for works, our support offer to our voluntary and unpaid carers and PA's and develop opportunities to have a joint workforce with health.

Supported Living services were not included in the formal Fair Cost of Care exercise that was undertaken across the wider domiciliary care market. As such, the Council utilised some of the detail and learning from the exercise undertaken for domiciliary care to carry out its own abridged version by requiring detail from the provider market on the rates currently being paid to their staff.

This demonstrated a need to increase rates from the current levels to £19.16 based on the information that had been provided by our market. It is intended to review the cost of care modelling around complex needs services to ensure the differential is inclusive of all expected costs required to deliver these enhanced services. Work is underway to increase the framework rate to thus median cost of care rate, some of the MSIF grant will be used to enable this to happen.

In the period to 2025 the intention is to continue to review the demand we have in Essex for supported living services and to refine and shape the market to ensure we are meeting these with new development and disposal of services that do not meet required standards. Our existing framework continues until March 2025, but discussions are underway to consider the future options and commercial approach to maximise sustainability within this market.

Extra Care Housing followed a similar approach to Supported Living and the median of those results was £18.36 based on the information provided by our market. This remains within our matrix of rates for care provision in an Extra Care scheme. We intend to develop a cost of care model to use for future extra care rate monitoring.

The Adults with Disabilities Residential market is substantial within Essex and the strategic approach to this market links closely with the approach being taken in AWD Supported Living services.

The intention in the coming years is to continue to reduce the usage of residential care services in favour of supported living which represents a better value to the Council but also provides more independence and security to the adults being supported. This requires the two strategies to work together to increase availability of supported living in order to decrease the number of adults in residential care. In future, residential care is intended to be utilised only for adults falling into two categories:

- Adults with complex needs
- Adults who fit into the 'Ageing Well' cohort (showing signs of ageing and unable to live independently)

Work is underway to shape the market in Essex and the procurement of the Complex Residential Framework signals the intention that we place only adults with complex needs into services. The remainder of the market will be shaped to meet ongoing needs through adaptation to supported living, ageing well specialisms, or closure of services in some cases.

The Council currently uses Care Cubed as a national benchmark to assess whether best value is being achieved in the services, we commission.

A review of the personal budget process and a plan to implement an IPB is in progress. It is expected that adults eligible for services will want a care account but may choose to continue to use friends, family or local support services that are not CQC registered to receive their care. Essex will need develop this offer to mitigate the potential demand/volume on our domiciliary services.

Essex works with 3 different ICBs, all of which also include part or all of the areas of other local authorities. Work is currently underway to shape our intermediate care services in collaboration with NHS partners. The forecast expenditure as at period 6 of the 2022/23 financial year for intermediate care services that are managed by the Council is £33m, of which £19m is within the Better Care Fund and IBCF in-year allocations, £7m is in ECC base budget and the remainder is funded from non-recurrent sources.

The aim is to increase flow and effectiveness of intermediate care, other short-term care and support and short-term residential placements for recovery or reablement. Flows of short-term, non-recurrent monies from partners to support social care can be challenging to deploy in ways which support longer term market shaping objectives (for example that of growing workforce and supply of good or outstanding provision). Sustainable, long-term investment is required to ensure that our health and social care pathways, infrastructure and commissioned services support the need across Essex.

Essex County Council has also been working to develop a new and enhanced direct payment support service. Within the new service it will include:

- Assistance around the recruitment and retention of Personal Assistants and how to make it easier for adults to recruit and manage personal assistants,
- Assistance on training, supervision and managing Personal Assistants.
- Develop a match making tool to support people to find Personal Assistants.
- To explore the use of digital and technology solutions that may support adults and Personal Assistants in their roles.

Essex are in their second year of a 4 year project to boost the use of community enterprises, our first year has to set the foundations for success and to build, and promote community microenterprises with people who may wish to buy their services. Essex is working on increasing community microenterprises across the county and to work with Tribe, a digital platform to promote the service.

An analysis on the draft benchmarking information from the ADASS regional group indicates that the FCoC rates for Essex are slightly under the average rates across the region. An analysis from existing average rates and FCoC median rates are:

- For domiciliary care the average FCoC median rate is £24.68 per hour, this on average is a 21% increase on existing rates across the region.
- For Residential Care the average FCoC median rate is £915.84 per week this indicates on average a 33.4% increase across the region.
- For Nursing Care, the average FCoC median rate is £1,097.77 per week this indicates on average a 37% increase across the region.

It is estimated that an additional £41m per year (over and above budgeted inflation in 2023/24 of £31.2m) would be required to pay our residential, nursing, and domiciliary markets at these median rates. A triangulation from information from the Fair Cost of Care exercise with existing financial and commercial lenses was undertaken. It has been concluded that the median rates from the exercise are comparable to our existing modelling for our residential, nursing and domiciliary markets and therefore has been used as part of the modelling for the next financial year.

Our current MTRS plan, based on a blend of NLW, CPI and RPI includes an additional investment of £31.2m across ALL care markets not just these three, with the increase in the ASC precept funding under half of this.

This additional financial pressure also does not incorporate the expected additional 40-50% increase in volumes as a result of the social care reforms, through new requirements towards self-funders; include future annual inflationary uplifts; or account for unknown provider behaviours within the market.

Out of the predicted 8,000 new adults entering local authority social care as a result of the social care reforms, it is estimated around 6,300 will be assessed and have assets between £23,000 - £100,000 and 1,400 will have a threshold over £100,000. Our modelling indicates that 4,600 adults will require support in the community and 3,100 will require residential or nursing care.

The reforms to adult social care charging are significant and the implications include the following:

- More people will be eligible for their needs to be met under the Care Act, and for part or full funding from ECC as a result of the new means-test criteria. National modelling would suggest a financial impact to ECC of £10m for this element, when introduced rising to £32m in the first full year and increasing significantly year on year thereafter. These estimates will need to be reviewed in light of the delay alongside any future funding.
- The Council's existing fees and charges policies will need to be reviewed and updated as necessary.
- Impact to the wider care market due to self-funders accessing local authority rates for residential care.
- ECC will need to undertake many more Care Act needs assessments and more financial assessments as private funders approach the Council to set up their care accounts, to provide them with an independent personal budget. Existing workforce capacity will not be able to meet this demand. Previous analysis within ECC suggested the need for an additional 54 people capable of carrying out Care Act needs assessments on an ongoing basis alongside additional capacity to carry out financial assessments etc. These estimates will need to be reviewed in light of the delay alongside any future funding.
- ECC will need to implement upgrades to key financial and case management systems to enable the Council to operate a 'care account' from October 2025.

These reforms require a considerable amount of work to be undertaken across the Council in preparation to meet this additional demand. Relevant policies and documents need updating; the workforce needs training on the new policies; key systems need upgrading; and the Council needs to ensure that residents, the workforce and care providers understand the new rules. The Council has currently invested £2.5m of new resource to support the preparations to October 2025.

This increase will place a significant pressure on our social care workers, financial assessors and our service placement team who will be required to source packages of care to all adults at our contracted rates within our adult social care market. Essex is required to address the following areas:

- Prevention and our digital Advice and Guidance offer; ensure that through good web based accessible information adults are enabled to make good life decisions for themselves
- Process & system optimisation.
 - Reviewing and improving current internal processes to maximise every opportunity for efficiency.
 - Investigation into Self-Serve technology that could support our operating model in the future such as online needs assessment, online financial assessment and care sourcing tools.
 - Operational changes better manage the new burden of adults that will flow through the system as a result of the charging reforms.
- Improving our Information, Advice and Guidance (IAG) Offer: The Council is planning to improve our public facing website for Essex providers.
- Procurement of our Social Care Case Management System: The Council are currently in the process of reprocurring our social care system for Adults and Children's Social Care. This procurement has provided an opportunity to implement requirements gathered to deliver the social care reform in October 2025.
- Our sourcing/brokerage offer: A project is underway to review our sourcing pathways and brokerage offer; with an expected increase in demand the Council is investigating technical solutions to automate processes and streamline practice within social care and with providers when sourcing packages of care.
- Implementation of technical innovations; we have a series of technical projects underway to improve market oversight and manage market demand. This includes (but is not limited to):
 - A data exchange tool to collate Electronic Homecare Monitoring Data across our domiciliary and intermediate care providers.
 - Providing grants for providers to improve their digital social care records across Essex alongside our NHS partners.
 - Investigating technology solutions to manage demand and capacity across our health, social care and providers. Ensuring adults are placed on the most appropriate pathways into short term services.
 - Developing our Essex Care Search System to provide clarity on bed provision and improve our sourcing pathways for health and social care.
 - To increase the use of Care Technology for adults requiring short or long- term services in the community.
 - Improving our existing market management tools, PAMM's, market risk, market management and data collection, this includes improving reports and dashboards across social care, health and with providers.
- Review of existing resources; activity is underway to understand the additional resources required to support an increase in additional social care assessments, financial assessments, sourcing of packages of care, market oversight and management.
- Review existing policies and practice to mitigate any additional cost pressures.
- Contractual models, terms, and conditions with providers alongside our market shaping of commissioned services. In particular a review of our existing commissioned service models to align to October 2025, this includes the procurement of our domiciliary framework, integrated residential and nursing framework and intermediate care contract to support our market shaping strategy.
- Develop new policy and practice for adults with a care account, including 1st party top ups, management of provider and adult behaviours, and risk of debt.
- Clear communication with all adults and their families to manage expectations on placements, costs and accrual towards their care account/cap.

For the foreseeable future it is expected that the Council will need to finely balance financial pressures, inflation, market expectation of the implementation of the social care reform across our social care markets. Our Market Shaping Strategy sets the tone of the council's commissioning intentions for Adult Social Care. There is a risk that if we do not effectively manage our markets the council will be required to source at higher rates to meet our statutory obligations to meet eligible needs. This impacts our key objective to drive efficiencies through our contracts to manage quality, price and provision, and to strengthen key strategic relationships with framework providers.

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

(a) 65+ care homes market

In September 2022, the council made a decision to prioritise our initial grant funding for Market Sustainability and Improvement into domiciliary services. This is due to our strategic ambition to support more people to stay in their own home and due to an increase in demand for community led services and workforce challenges in the sector that had led to increased challenges in sourcing domiciliary care in some parts of Essex. As referenced above, Essex has seen a reduced occupancy within our residential market.

The outcome of the Fair Cost of Care exercise provided a blended median rate for residential care of £851.60 per week and for nursing care £922.45 per week (excluding FNC). To increase all existing packages of care to the FCoC rate, the Council will require £26.8m for Residential care and £2.6m for Nursing Care in 2023/24. The median rates from the Fair Cost of Care are comparable to existing financial and commercial insight.

From April 2023 the council intends to invest £9.2m into our existing framework, the framework will be open to new and existing providers within Essex. Providers will be able to select a new pricing point, the new minimum rates provide an:

- 8% uplift for residential care, with new minimum rate of £647.57 per week
- 20% uplift for residential care with nursing, with new minimum rate of £796.46 per week.

The Council will also increase the weekly rate of all existing care home placements in place on 31 March 2023 delivered via the IRN Framework Agreement by 8% for residential without nursing, and by 20% for residential with nursing, capped at the new maximum framework rates of £746.27 per week for residential and £1,009.40 per week for nursing placements and increase placements on the IRN Framework which are currently below the new minimum of £647.57 for residential and £796.46 for nursing to the new minimum, with effect from 1 April 2023.

As part of our market shaping strategy our key strategy for Residential and Nursing Care continue to be:

- To support Adults to remain at home within their community, with their maximum level of independence sustained for as long as possible.
- Ensure there is the appropriate level of capacity to support adults that require complex support.
- Increased collaborative discharges for adults entering short term residential or nursing placements from hospital, ensuring we support people to return to their long-term homes as soon as they are able.
- Improved collaborative approach with Health for adults entering into a residential or nursing placement on the Continuing Health Care Pathway.
- Management of increased council placed volumes in residential and nursing care as a result of the implementation of Social Care Reform.
- To ensure our most valued care homes remains sustainable.
- To upskill our carer workforce to manage demand for complex care or nursing care and to work to increase carer levels across Essex. (ECC has a Workforce Strategy across Adult Social Care that aims to upskill, retain and support recruitment of direct care workers in Essex.)

- To improve market oversight through the utilisation of technology
- To ensure that there is a robust enhancement tool for providers for complex adults.
- To review the rates for packages of care that are out of county. (Essex has between 300-400 adults placed out of county.)
- To improve the use of digital care records for providers.

The council will look to follow these principles within our residential and nursing contracts:

- Our preference is to commission packages with outstanding and good providers.
- To commission services through our contracted providers, investing in strategic providers.
- To consolidate our residential market to manage demand.
- To increase capacity through existing provision for complex needs/support and nursing care provision.

The Council is committed to doing what we can to increase funding in the care market and ensure that the sector is sustainable. We want to make our framework contracts more attractive for care providers to work with us on, to enable us to grow capacity in some market sectors and enable providers to address cost of living challenges for their workforce.

During 2023/24 the Council will work with system stakeholders to develop a longer-term strategy and drive further service improvements whilst continuing to address existing pressures. As part of the shaping of community services the council will:

- Implement the exceptional needs tool and payment within Adult operations to ensure providers supporting complex adults receive an additional £140 per week.
- Continue to actively manage our residential market to oversee market risk through existing reporting tools, localised multi-disciplinary meetings with operational and quality teams, and strategic risk forums.
- Consolidating our residential market through the use of our framework and strategic providers to reduce the use of spot providers.
- Increasing nursing and complex needs capacity, by increasing fees by 20% on existing packages and investigation options to increase capacity with our framework providers Longer term commissioning opportunities will be reviewed to ascertain whether there is sufficient demand to procure a separate very complex needs nursing service (possibly in partnership with other Local Authorities or with the NHS).
- To work with providers to ensure our care home market are prepared for the social care reform.

(b) 18+ domiciliary care market

In September 2022 ECC decided to invest £3.9m of our £4m Grant into our Domiciliary Market. Our Contracted Providers were given a £1.12 per hour uplift on packages that provide personal care and all packages of personal care that are under £20.60 was uplifted to this new minimum rate from April 2022 The intention of this investment was to provide our providers, particularly our strategic providers, additional funding to retain and incentivise their workforce to manage existing and new capacity.

For domiciliary care, the Fair Cost of Care exercise for 2022/23 has indicated a median rate of £23.42 per hour, which is an increase of 11.7% per hour to our existing average rate. To implement this would have an additional cost pressure of £11.8m on the Council. The median rate is comparable to our strategic pricing approach for 2022/23 and 2023/24.

Our agreed inflation rates for 2023/24 are 8.5% plus the continuation of the temporary £1.12 (paid for by the Fair Cost of Care Grant, now included within the MSIF Grant), our annual refresh within our domiciliary framework will allow providers on our framework to select an increase between 11.8% and 14.6% on our next pricing matrix. From April 2023 existing framework providers will be able to select rates for:

- Personal care from £22.32 to £25.72 per hour (with additional of up to £4 per hour for hard to source hours, known as Target Supply Areas (TSA's))
- Night sleeping from £12.68 to £15.20 per hour
- 24 hour living care is £12.68 per hour

The Council have budgeted to invest an additional £13.9m in this market in 2023/24 using the MSIF grant. Additional funding will be applied to this market in 2023/24 that supports our commitment to increase rates towards the fair cost of care. The Council are keen to ensure additional funding applied supports our strategic agenda to increase our workforce and maximise service provision opportunities with our framework providers.

As part of our Market Shaping Strategy the Council will be reviewing our domiciliary commissioned service delivery models to ensure they are fit for purpose. Our key strategy for domiciliary care continues to be:

- To increase supply to meet demand across Essex and within known hard to source areas.
- Increase supply with our strategic tier 1 providers to increase the number of commissioned packages through our framework and rationalise our domiciliary market.
- To work with our tier 1 providers to deepen strategic relationships, improve sustainability and test innovative, outcomes focussed solutions in order to meet need.
- Use framework providers to shape our market, reducing the use of spot provision.
- To improve collaborative working with providers, health and Adults with Lived Experienced to identify opportunities and improve the delivery of service.
- To support the shaping of community hubs and locality-based commissioning across our community-based providers.
- Utilise the use of enabling technology and initiatives/pilots to shape demand and flow of Adult between services moving forward.
- To improve market oversight through the utilisation of technology.
- To improve the use of digital care records for providers.

The council will look to follow these principles within our long-term domiciliary contracts:

- Our preference is to commission packages with outstanding and good contracted providers.
- To commission services through our higher tier 1 providers on our frameworks, encouraging them to increase capacity and reducing spot provision.

Essex County Council are committed to move towards the Fair Cost of Care for our contracted domiciliary care providers. The council remains committed to increasing funding within our care market to keep the market sustainable and to grow capacity to enable providers to improve the terms and conditions of their workforce.

During 2023/24 the Council will work with system stakeholders to develop a longer-term strategy and drive further service improvements whilst continuing to address existing pressures. As part of the shaping of community services the council will:

- Increase capacity within intermediate care and domiciliary services; current demand issues within intermediate care results in utilising our domiciliary supply.
- Commission specific provision for hard to source locations.
- Developing or piloting different service models to maximise the use of existing capacity and increasing the use of technology. This includes locality-based commissioning, outcome-based commissioning, a domiciliary reablement ethos for packages of care and integrated health and social care services.
- Investigate commissioning models that support the change in volumes of care required as of a result of the social care reform.