

London Borough of Croydon - Market Sustainability Report

Introduction

In December 2021, the Government published a white paper entitled ‘People at the Heart of Care¹’. This white paper set out a series of local authority responsibilities to prepare for the then intended adult social care reforms, which included changes to the way people are charged for social care.

As part of this preparation, the Government set up a Market Sustainability and Fair Cost of Care Fund and distributed grant funding to local authorities in England totalling £162m in the financial year 2022/23. Further funding of £600m for each of 2023/24 and 2024/25 was also announced. The intention of the grant funding was to support local authorities to carry out a ‘Cost of Care’ exercise with their provider market in 2022/23 and then set out how they would use the future years funding to ‘move towards’ paying a ‘fair cost of care’ – informed by the outcome of the cost of care exercise in each local authority, alongside other relevant market conditions.

On the 17th November 2022 the Government delivered their Autumn Statement and as part of that, they announced that the charging reforms set out in December 2021 were going to be ‘delayed’ until 2025. Furthermore, they announced changes to the planned funding allocations for Adult Social Care for 2023/24 and 2024/25. One of the changes that was announced was that the £600m for each of 2023/24 and 2024/25 that was intended to support the market was being withdrawn and replaced by a new grant amount of which £162m was allocated for ‘Fair Cost of Care’ – this is the same amount that was provided in 2022/23. This means the available funding for local authorities to support this part of the planned social care reforms has been significantly reduced.

As part of the original grant conditions for the funding released in 2022/23 – each local authority is required to produce an ‘Annex C Market Sustainability’ report. This is the Croydon Council version of that report.

1. Assessment of the current sustainability of local care markets

1.1. Supply – Domiciliary Care

There are currently 138 registered domiciliary care providers in Croydon. Of these, 4 are registered to provide nursing services. The Council has a Dynamic Purchasing System (DPS) which is the Council’s current commissioned way of placing new domiciliary care packages in Croydon.

The table below shows the overall split between ‘Brand’ and ‘Non Brand’ providers as defined by the CQC. The CQC uses ‘Brand’ as a way of indicating which providers are part of a wider Corporate Group. Additionally, these providers may be

¹ <https://www.gov.uk/government/publications/people-at-the-heart-of-care-adult-social-care-reform-white-paper>

part of the CQC Market Oversight Scheme² where the regulator believes a provider may be 'difficult to replace'.

Ownership Type	Number	%'age of locations
Brand	10	7%
Non-Brand	128	93%
Total	138	100%

The domiciliary care market is therefore largely provided by SME providers, with coverage from Brand/Corporate providers very low. Only one of the Brand providers is registered on the DPS, with the others having none or very small numbers of packages funded by the Council.

The market has spare capacity and more general provision than required – where small numbers of contract/package hand backs have occurred, these have been recommissioned for via the DPS in a relatively straightforward fashion.

There are, however, some specific gaps in provision around:-

- Domiciliary care packages in south of the borough where public transport is limited and parking restrictions apply.
- Domiciliary care for complex needs/behaviours.
- Carers with broader training/skills, including Stoma Care, peg feeding and complex challenging behaviour
- Providers who can accept packages requiring a male carer and double handed packages
- Need for care providers who can offer carers with the ability to speak to residents in their own language (including BSL) as well as offering culturally tailored services.

We will work with our existing DPS providers to respond to these gaps in the first instance.

1.2. Supply – Residential and Nursing Care

Croydon has the largest care home market in London (and is a net importer of people in to care homes), with 124 registered care homes made up of 92 residential and 32 nursing homes. 1,543 of the 2,928 beds available across the borough are nursing beds, however there is a noted need for more affordable nursing placements.

The table below shows the breakdown between Working Age Adults and Older People – this is based on those providers who have registered for 'Younger Adults' with CQC. One location appears twice as they hold a dual registration.

² <https://www.cqc.org.uk/guidance-providers/adult-social-care/market-oversight-difficult-replace-providers-adult-social-care>

	Residential		Nursing	
	Locations	Beds	Locations	Beds
Working Age Adults	52	656	11	547
Older People	42	803	21	996

Where the Council does buy care home beds in Croydon, these are largely purchased on a spot basis.

The table below shows the overall split between 'Brand' and 'Non-Brand' providers as defined by the CQC. Additionally, these providers may be part of the CQC Market Oversight Scheme³ where the regulator believes a provider may be 'difficult to replace'.

Ownership Type	Number of Locations	Number of Beds	%'age of Beds
Brand	40	1,474	50%
Non-Brand	84	1,454	50%
Total	124	2,928	100%

Where a bed is registered for Younger Adults it is more likely to be a 'Brand' provider and not an SME, although 'Non Brand' providers have more locations, which indicates they tend to operate smaller homes than the large corporate groups. The table below shows the split for Younger Adult locations.

Ownership Type	Number of Locations	Number of Beds	%'age of Beds
Brand	19	655	55%
Non-Brand	43	529	45%
Total	62	1,184	100%

Where a bed is not registered for Younger Adults, it is also more likely to be part of a larger corporate group. Again, the SME provision tends to be of a smaller bed size than the 'Brand' providers. This potentially has an impact on the efficiency of these homes, particularly for back office costs (although it should be noted that when financing costs and profit expectations are accounted for, this efficiency is at best marginal). The table below shows the split for Older Adult locations.

Ownership Type	Number of Locations	Number of Beds	%'age of Beds
Brand	21	819	47%
Non-Brand	41	925	53%
Total	62	1,744	100%

³ <https://www.cqc.org.uk/guidance-providers/adult-social-care/market-oversight-difficult-replace-providers-adult-social-care>

The work on the 'Fair Cost of Care' exercise demonstrated that the top 10 providers who Croydon Council buy older people registered beds from are largely SME providers rather than larger corporate groups. The larger corporate group providers therefore tend to focus on supporting the self funder market – this is particularly true in Nursing Care where 64% of available beds are part of a 'Brand'/corporate group.

Therefore, whilst there is a large bed base, for older people we have specific gaps in commissioned provision around:-

- Standard nursing beds willing to accept 'usual market rates' & nursing beds for people with more complex needs, including behaviour that may challenge.
- Residential care beds for people with more complex needs, including behaviour that may challenge.
- Respite provision.

We will work with providers through our provider forums to respond to these gaps in provision.

1.3. Quality and concerns

Care Homes: 124 care homes in Croydon are registered with and rated by the CQC. The table below shows the split of these ratings between Working Age Adults and Older People.

Rating	Younger Adults	Older People	Total
Not Yet Rated	1	1	2
Inadequate	-	1	1
Requires Improvement	10	7	17
Good	50	52	102
Outstanding	1	1	2
Total	62	62	124

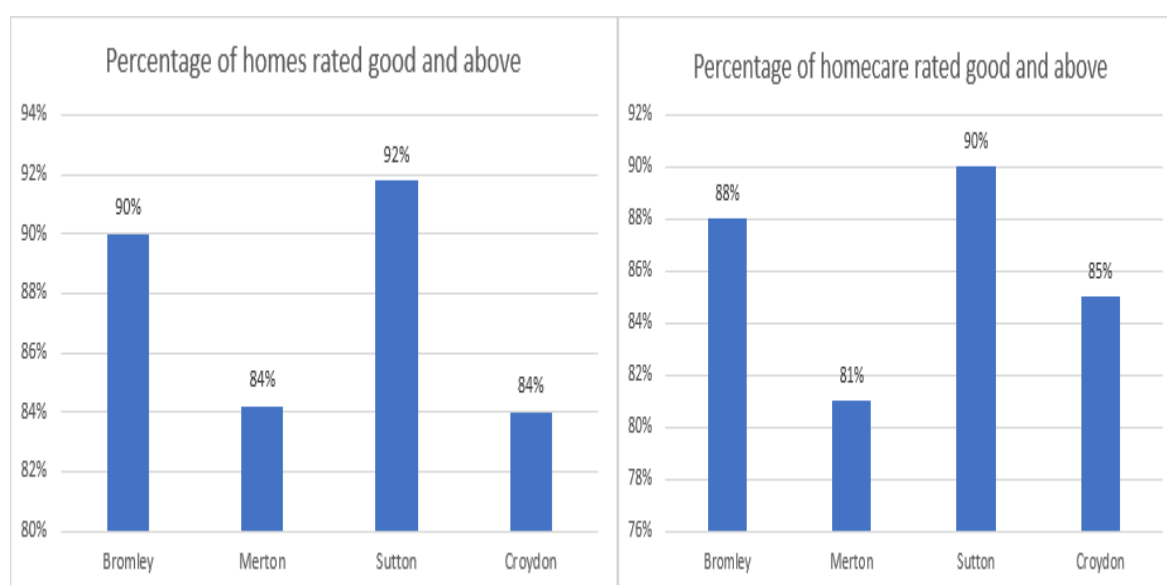
Domiciliary Agencies: 138 Dom Care Agencies in Croydon are registered with and rated by the CQC. Of these:-

- 33 agencies have not yet been inspected by CQC
- 1 insufficient evidence to rate
- 2 rated Inadequate
- 13 agencies rated Requires Improvement
- 88 agencies rated Good
- 1 agency rated Outstanding

Neighbouring borough CQC ratings – comparative data: the following table puts into context how large the provider market in Croydon is when compared to other neighbouring boroughs.

Borough	Number of Care Homes	Number of Dom. Care providers
Bromley	54	79
Merton	38	53
Sutton	75	50
Croydon	124	138

The graphs below show the comparative performance of the local market by CQC rating. When allowing for the size of it's market, the quality of the provision within Croydon remains of a good standard.



1.4. Current Rates, Inflation and impact of delays to the Reforms

During the 2021/22 and 2022/23 financial years, the council has utilised its resources to increase those historical fees which were low, as well as providing year on year inflationary increases. In total the Council during 21/22 and 22/23 has increased the fees that we pay providers by £8.5m across all types of provision.

For Domiciliary Care the Council has moved to ensure that it does not pay anything below £16.48 per hour however we have providers who are paid more than this due to how we commission through the Dynamic Purchasing System (DPS). As at October 2022, the average rate paid for an hour of Domiciliary Care in Croydon was £18.17 per hour.

During 2022/23 the Over 65 Residential and Nursing Care, weekly rates for new packages of care have been increased to at least reflect the table below:

Residential	Residential with Dementia	Nursing	Nursing with Dementia
£850	£900	£900	£950

Current Inflationary Pressures

The current inflationary pressures affecting businesses, families and individuals in this country are well known. However, in an industry such as social care, where the majority of the workforce is considered 'low paid', the impact of pay inflation is particularly acute. It is clear from discussions with providers (at provider forums and in individual meetings) as well as written and email correspondence that the April 2023 increase of 92p per hour to National Living Wage (NLW) is going to cause pressure on the payroll budgets of providers within Croydon. The London Living Wage (LLW) is also increasing by 90p an hour, impacting on those providers who are paying their staff in full or in part based on LLW.

Providers consistently raise with the Council that they have difficulties recruiting staff, that pay is an issue – particularly when trying to compete with retail paying above LLW as a starting salary (section 3.2 has more information on some of the other support the Council has been providing to the local provider market on workforce)

On top of payroll inflation, care homes are also impacted by high levels of food and utility inflation – although the latter is forecast to be short term as wholesale oil and gas prices decrease to more 'normal' levels. At the Spring Budget on 15th March 2023, the Office of Budget Responsibility forecast that overall inflation will fall back to 2.9% by the end of the year.

Delays to the Social Care Reforms

It is also clear from discussions and feedback from our provider market that in the short term, they are more concerned about the impact of pay and non-pay inflation on the viability of their businesses than the delays and changes to the Social Care Reforms.

1.5. Market Recruitment and Retention

Reflecting the size of the care market in Croydon, there are currently 13,000 care jobs in the Borough. The turnover rate is an average of 27% - 3,000 leavers per year (last calculated in 2021). The vacancies rate in 2021 was 7% - 800 jobs, mainly in personal care roles with a shortage in nursing staff. The workforce of 11,000 employers lost 82,000 days in sickness last year with two fifths (40%) on zero-hour contracts.

77% of the care workforce in Croydon are female which means men are underrepresented. Care workers aged 24 and under make up 4% of the workforce and care workers over 55 represent 30% which means 3,900 people will reach retirement age in the next 10 years.

This shows the importance of Croydon Council's planned 10 year Workforce Recruitment & Retention Plan in conjunction with a developing pan South West London plan.

1.6. Digital Offer

South West London (SWL) Integrated Care Board (ICB) Croydon place colleagues are leading on a digital integration programme which is enabling the market to access a digital transformation fund and pilot the usage of digital tools to improve service delivery. Funding is available to support providers with implementing digital care records, Remote monitoring of vital signs, eRedBag, Proxy Ordering of medication and digital information governance. SWL ICB have surveyed Care Homes in 2022 and will be surveying again later in March 2023.

This initiative has also been supported through the provider forums, with representatives from the digital integration programme attending in person to speak to providers.

To date we know:

Digital Care Records

- **18 homes (+2)** in Croydon are accessing the Digital Transformation funding with a chosen supplier
- **45 further homes** in Croydon may be eligible for funding.

Digital Care Record usage:

- **158 (+6) homes (45.4%)** across SWL are mobilising or using a CASPA member DSCR
- **57 (+1) homes (45.6%)** in Croydon are mobilising or using a CASPA member DSCR

Remote Monitoring Status:

- 125 care homes / 2,895 beds across the borough
- Croydon target: 40 care homes / 908 beds live
- 26 care homes (905 beds) with kit
- 19 (+1) care homes / 628 (+64) beds live
- 10 (-3) care homes / 385 (-95) beds embedded

Digital Security & Protection Toolkit in Care Homes

- Croydon compliance: **82.4%**
- Croydon 22/23 compliance: **24.0%**
- Croydon homes not registered: **4**

2. Assessment of the impact of future market changes between now and October 2025

The forthcoming Market Position Statement (MPS) and accompanying Action Plan which is due to be published in Spring 2023, will provide more detail on the shape and planned direction of the care market in Croydon over the short and medium term.

The Council will continue to support and engage with national market reforms, such as the currently delayed charging reforms and work with our provider market to assess the impact on our residents and providers.

A work plan of activity for 23/24 & 24/25 to support the ambitions of the Market Sustainability and Improvement Fund is currently being drawn up. The full guidance for this Fund has not been released but the Dept for Levelling Up, Housing & Communities has published a 'explanatory note'⁴

3. Future Market Sustainability Support

In order to support the future sustainability of the local market, the council will -

- Publish its strategic intentions via our MPS and accompanying Action Plan – these will seek to address the gaps identified in this report.
- Continue to support providers through provider forums and its digital technology and workforce offer.
- Collaborate in national pilots such as the NHS Front Runner scheme to inform future commissioning intentions and market shaping.
- Support the market through annual inflationary uplifts.

3.1. Strategic intentions

Croydon's Adult Social Care and Health Strategy⁵ sets out our ambition for a sustainable system; it is shaped by the Care Act 2014 and sets out how we want to prevent, reduce and delay the demand for adult social care. Our ambition is to create a sustainable model for Adult Social Care in Croydon for the future. The key to this is quality social work which builds on the strengths of individuals alongside a clear framework that supports the Council to manage demand for formal care by finding preventative solutions that promote and support independence and wellbeing. These ambitions are underpinned through effective market shaping and collaborative working with our provider market.

The Council will make every effort to meet a person's care needs without resorting to formal care services. Offering help early to prevent and reduce demand for statutory services is a key part of our strategy and is reflected in our most recent MPS which is scheduled for publication in Spring 2023. We are working closely with our partners

⁴ <https://www.gov.uk/government/publications/social-care-funding-and-explanatory-note-final-local-government-finance-settlement-2023-to-2024/social-care-resources-explanatory-note>

⁵ <https://www.croydon.gov.uk/council-and-elections/policies-plans-and-strategies/health-and-social-care-policies-plans-and-strategies/adult-social-care-and-health-strategy>

in the voluntary and community sector to provide this early help and intervention and we are improving information on our website to ensure residents know what support is available and where and what services the Council can provide.

Where formal care services are assessed as required for older people, these will focus more on a 'reablement first' model to reduce the need for long term care and support services. Where people do end up needing longer term services, the focus will still be on enabling the person to retain as much independence as they can while ensuring that they remain safe. Our ambition is that all services should be high quality, deliver value for money, offer choice and be sustainable.

3.2 Provider Forums, Digital Technology & Workforce

In Spring 2022, the Council relaunched face-to-face engagement forums with providers after COVID-19 where interactions had been held regularly and virtually. We felt it timely to reposition our relationship with providers post COVID and continue to work with them as partners in helping us meet the challenges we are collectively facing.

A programme of provider engagement events now takes place three times a year. Providers are encouraged to co-produce agendas and discussion items with us. Recent events have had a Cost of Care and Market Position Statement focus where providers contributed and provided feedback on our approach. Providers have asked for more information on future plans, so in response our forums always include a key messages agenda item. Through these forums we are discussing issues that are important to them such as digitalisation, access to staff training, recruitment and retention. We have a dedicated action plan for each provider forum and report on progress at each event and via email.

We want to make the best use of digital technology to achieve value for money and promote independence, and we are striving to use evidence and data to target our work where it can make the most difference. We continue to work in collaboration with SWL ICB – Croydon Place colleagues to ensure that providers are aware of the opportunities available to them via the Digital Transformation Fund and the support on offer to complete their digital security and protection toolkit. These have proven productivity gains for providers as well as supporting them to meet outcomes for the people they support.

We will continue to support the care market with recruitment, retention and skills development to improve the versatility of provision in the borough. Croydon is investing time and resources in supporting its provider market with workforce issues. This includes (but is not limited to) offering zero cost support to use our employment brokerage services. Croydon has delivered an apprenticeship offer for providers, provided support with career development and worked with providers to deliver an improved benefits package for care workers. We have supported providers in accessing government funding, delivered face to face recruitment and networking events, included providers in establishing a steering group and supported providers to become ambassadors and speak at Further Education colleges about social care career options.

3.3 NHS Front Runner

In January 2023 Croydon was awarded £0.8m of funding to be one of six national pilots to free up hospital beds by providing people with care in the community. ⁶

This funding is intended to support the Council, NHS and the voluntary and provider sectors to work even more closely together to improve the care and support in the local community and triple the number of residents able to regain their independence after a hospital stay. The funding also aims to almost halve the amount of time that medically well people are spending in hospital awaiting discharge, allowing the NHS to prioritise in-demand beds. This pilot will increase the flow of people through the local domiciliary care market and support its sustainability.

3.4 Cost of Care Exercise & Grant Funding

Croydon has conducted a cost of care exercise⁷, as per the market reforms guidance. Details of the approach, process and outcomes of this are outlined in the Annex B reports published on our website.⁸ Due regard was given to this exercise in our fee setting process for 23/24, however the weight that was given to this was influenced by the confidence levels in the median rates generated. More detail is in the Annex B reports.

Like all Councils, Croydon was allocated a portion of the market sustainability grant funding for 22/23 to support the Fair Cost of Care exercise. This grant allocation was £0.946m, which equates to less than 1% of the Gross budget for Adult Social Care in 22/23.

The Council has used 75% of this grant funding to support the 'in scope' providers, as per the terms of the grant conditions. This grant money was used to support providers 'in year' with the cost of care pressures being felt in the local market and was made on an 'ex gratia' basis. This is in addition to the funding providers received in April 2022 as inflationary uplifts. The funding was split 31% Dom Care, 28% Residential and 41% Nursing Care. The weighting was informed by the respective difference between current unit costs paid vs the unit cost produced by the Fair Cost of Care exercise. The remainder of the grant was used to support the delivery of the exercise, in line with the grant conditions.

3.5 Financial Support for Providers in 2023/24 and beyond

The Councils budget for 2023/24 was agreed on the 8th March and this allows the Council to move forward with its agreed inflation strategy for Adult Social Care. In response to the inflationary pressures being felt by the provider market, the Adult Social Care & Health Directorate has secured an overall pot for inflation of up to

⁶ <https://www.croydonhealthservices.nhs.uk/trust-news/croydon-selected-as-one-of-six-national-frontrunners-to-help-get-people-home-after-hospital-4581>

⁷ <https://www.gov.uk/government/publications/market-sustainability-and-fair-cost-of-care-fund-2022-to-2023-guidance/market-sustainability-and-fair-cost-of-care-fund-2022-to-2023-guidance>

⁸ <https://www.croydon.gov.uk/adult-health-and-social-care/policies-and-complaints/market-sustainability-and-fair-cost-care>

£11.35m. This is in addition to the increase in fees of £8.5m which was provided across 2021/22 and 2022/23.

The 2023/24 increase equates to an average of 7.92% increase on care package fees – although individual increases will vary depending on the type of care being delivered within each market segment. This is a significantly higher sum than has ever been provided to the care market in Croydon before for inflation and reflects the feedback from providers that has been received and detailed previously in this report. The Council is moving as far as it can to provide sustainable care fees to its provider market but this has to be set against the well documented recent financial position of Croydon Council and its overriding legal duty to deliver a balanced budget. The fee increases to the market being provided by Croydon Council is at the top end of the support being offered to the market in South West London.

The Council is about to enter a new Medium Term Financial Strategy (MTFS) cycle at the end of 2023/24. Financial planning is under way for the next three years and this will include consideration of demographic pressures (outlined in the forthcoming Market Position Statement) as well as general payroll and non-payroll inflationary pressures, market sustainability and market shaping duties. The latter will be informed by the “Market Sustainability & Improvement Fund” grant conditions, any confirmed social care reforms within the MTFS period and delivering the intentions of the Market Sustainability Plan. The resources made available for Adult Social Care & Health at a local and national level will inform what is available to support and shape the priorities of the Council, its residents and the local provider market over the next three years.