

Name of meeting: Cabinet

Date: 12th October 2021

Title of report: Financial Assistance for the Kirklees Care Association and Financial support to the local adult care sector

Purpose of report:

This report and its appendix propose two key interventions to support the local care market in the provision of care by:

- Financial assistance to develop a strategic development partner in the form of a local care association known as Kirklees Care Association.
- Providing short term funds to help enable providers make the transition to the new longer term market position.

The decisions required are:

- Seeking delegated authority for the Strategic Director for Adults and Health to grant fund the development of a strategic partner in the form of Kirklees Care Association up to £119k for the combined financial years 2021/22 and 2022/23 in accordance with Financial Procedure Rule 22.12.
- Seeking delegated authority for the Strategic Director for Adults and Health to design and oversee a hardship and innovation grant support scheme for the local care sector for up to £500k for 2021/22. This delegation is being sought under Financial Procedure Rule 22.11 a) Grant or loan of any value if it is offered fully in accordance with a scheme of grants or loans that has been approved by the Cabinet.
- The report also broadly outlines the direction of the local care home market and the ongoing investment in the care workforce that the council can influence through its budget setting process. Support from cabinet in these wider discussions is also requested.

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| <p>Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?</p> | <p>Yes/ no or Not Applicable Yes.</p> <p>If yes give the reason why The total combined requirements of this report are likely to exceed £250k. The development of a Kirklees Care Association (a representative body of Kirklees care proprietors) over its first two years is expected to cost £119k which will be jointly funded NHS Kirklees CCG and Kirklees Council. The hardship and innovation grant scheme although funded from current budgets has the potential to cost more than £250k but this will depend on the applications made and the case for investment attached to each request for support.</p> |
| <p>Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)?</u></p> | <p>Key Decision – Yes</p> <p>Private Report/Private Appendix – No</p> |
| <p>The Decision - Is it eligible for call in by Scrutiny?</p> | <p>Yes</p> |

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| | If no give the reason why not |
| Date signed off by <u>Strategic Director</u> & name | Give name and date for Cabinet / Scrutiny reports Richard Parry 15/9/21 |
| Is it also signed off by the Service Director for Finance? | Eamonn Croston 17/9/21 |
| Is it also signed off by the Service Director for Legal Governance and Commissioning? | Karl Larrad on behalf of Julie Muscroft 29/9/21 |
| Cabinet member portfolio | Give name of Portfolio Holder/s Councillor M Khan – Health & Social Care |

Electoral wards affected: All

Ward councillors consulted: The delegations in this report are likely to bring benefits to the care sector operating across Kirklees. There are no specific wards that will be affected.

Public or private: Public.

Has GDPR been considered? There are no GDPR compliance issues connected with this report or its proposals.

1. Summary

Social Care has sought to support people to be able to live as independent a life as possible in their own homes for as long as possible through the use of assistive technology, equipment and adaptations, good connections to things that happen in their local community, support to family carers and through a more focussed approach to housing that enables independence. This is the approach that is set out in the Vision for Adult Social Care. As a consequence of this approach, use of residential care has been in gradual decline over recent years.

The pandemic has significantly accelerated this, with the sector having experienced reduced admissions, increased death rates and increased business costs such as PPE, supporting shielding staff and recruitment and retention challenges.

Care homes have also not been immune to wider changes in health, social care and housing and there are significant challenges ahead. Financial pressures, technological change and changing expectations of end users have resulted in a need to re-think the way care home provision operates and is commissioned locally. The council has also recognised that it needs to draw on the expertise that exists in the sector to co-produce the longer-term strategic approach for the market.

Cordis Bright and Laing Buisson recently undertook a detailed local Care Home Market Strategic Analysis on behalf of the council and providers. They found that Kirklees, like many other areas, was moving from long term placement provision in the older person's care home market to a shorter period of care home support for those with increasingly complex support requirements. These changes impact both the overall capacity in the market which would need to be smaller than at present, the skill level of staff supporting those with more complex needs and multiple co-morbidities and the pay and recognition needed to attract and retain appropriate staff. This change can only be responded to effectively in partnership with the sector.

This report proposes two key interventions to support the local care market in the provision of care by:

- Investing in the development of a local care association that can represent the care sector as a partner in developments.
- Providing funds that gives scope to co-produce innovative solutions with the sector, particularly those parts of the sector that are at most immediate risk, but which are critical in the longer term to meeting the needs of local people.

2. The local care home market

As of 1 August 2021, there are 132 Care homes operating in Kirklees (though 2 have given notice of their intention to close in the immediate future), with approximately 3,500 beds. Care homes play a critical role in supporting people who cannot be cared for at home and those with complex health and care needs. However, in line with our Vision for Adult Social Care there has been great deal of change in recent years in the care home sector. People are choosing to stay at home longer as an increased range of community-based care and support has been developed.

There has been a gradual decline in bed and placements numbers over the past few years, this alongside occupancy level reductions has accelerated during the past 12 months.

Between 2012 and 2020 there was an overall reduction in the number of residential care and nursing care beds per 100 of the population aged 75+ in Kirklees from 12.5 in 2012 to 10.2 in 2018 (slightly above the 10.1 Yorkshire and Humberside average and the 9.6 England average), this shows the long-term trend away from care home provision as a way of supporting an older adult population which grew by 16% over the same period (75+ age group).

Conversely, in line with our Vision for Social Care, the “Home First” approach has resulted in the further development and expansion of the local domiciliary care market over the past 2 years which provides greater opportunities to support people to remain in their own homes rather than move into residential care. This period of growth in capacity was stimulated by an increase in the rate paid to home care providers on the proviso that this was translated into increased staff pay.

The predicted future demand for care homes is for people with more complex support needs who will stay for a shorter period of time. This predicted change has an impact on skills, buildings, and care management, and all will need investment to build a sustainable and robust local care market. There is a need, therefore, to re-baseline the bed base to achieve desired occupancy levels in the older people sector.

3. Impact of COVID19 on the care home sector

The care home market has been significantly impacted by COVID-19. What was a fragile market in some areas of provision is now experiencing a number of operational and financial pressures particularly related to increased operating costs, really significant staff recruitment and retention challenges, reduced demand and reduced occupancy levels.

The analysis by Cordis Bright, commissioned in conjunction with the sector, has helped create a shared understanding of the future market. The challenge is about how we collectively make the changes including downsizing and reshaping the sector, enabling providers to exit the market in a way that works well for care home residents and staff or to diversify to deliver care in new ways.

4. Local authority support for the care sector

The council and partners continue to build on our work with the sector in supporting the recruitment and retention of staff through our nationally renowned IN2CARE project alongside giving independent care home providers access to the Council’s Employee Health Care Service recognising that staff across the sector need to be supported with their health and well-being.

The council is also developing the Kirklees Cares Academy which will offer workforce training and development support across the health and care sector, supporting staff progression through formal and informal learning and access to a wide range of personal and professional development opportunities for those working in care.

Early in the pandemic, time limited financial occupancy support was offered to care homes locally, and the council and partners also continue to support access to PPE and other resources such as national infection protection and control (IPC) and workforce development funds.

A major programme of work to support the sector under the Care Home Programme Board is also gathering pace, but to genuinely shape the market with providers, there is a need to invest in capacity amongst providers to allow them to be represented in and engaged with developments.

5. The current local Independent Care Home workforce

a. People and roles

There are just over 4,000 people working across the care home sector in Kirklees, with 70% in direct care roles. Typically, these roles are fulfilled on a part time basis and there are around 3,500 WTE, and 2,450 WTE in direct care roles. The majority (85%) of the workforce in Kirklees are female, and the average age is 43 years old. Workers aged 24 and under make up 10% of the workforce and workers aged over 55 represented 25%.

b. Pay and retention in the care home sector

Pay in the sector for entry level staff in the care home sector tends to mirror the NLW of £8.91, some providers may pay slightly more but care staff would typically be paid between £8.91 and £9 per hour. More senior care staff can expect around £9.50 per hour, and some providers pay slightly above this in more supervisory roles.

In 2020 Skills for Care¹ estimates that the staff turnover rate in Kirklees was 31.3%, which was similar to the region average of 31.0% and similar to England, at 31.9%. Local intelligence suggests pay along with flexibility around shift patterns and the need to work unsociable hours are a significant driver in this turnover of staff, some of whom leave one provider for another that is paying very slightly more per hour than their current employer. Other staff leave the sector altogether, with retail being a common employment destination. Another cohort of staff is leaving residential care for home care provision where hourly rates are typically 7-10% more than in care homes.

The sector skills council estimates that each member of staff that leaves costs £3,642 to replace with recruitment costs, staff cover and employment checks. If applied to the 31% turnover above this is a cost each year to the local care home sector of £4.5m. This is funding from the LA and self-funders that is not being spent on care and support, if the estimated LA placements are 40% of the market, then £1.8m of LA funding alone is potentially spent on turnover costs.

The care home sector is a key part of the local health and social care market, as an LA we will need a smaller and more highly skilled care home workforce. Acknowledging these skill levels alongside a range of other sector support will help bring stability to the market.

The sector is still being impacted by labour shortages in other sectors such as retail, hospitality and transport which is resulting in significant staff shortages. The introduction of mandatory COVID19 vaccinations for the care home sector from November 2021 has already impacted on the sector with an accelerating trend of staff leaving the sector, the likelihood that a number of current staff will no longer be able to be employed in the sector as they are unvaccinated and potential staff seeing it as a deterrent to entering the sector, so affecting the ability to recruit and retain staff this autumn. There are risks that the local market will be unable to take placements from the council or private individuals. This is because the local market cannot sustain the staffing or skill level required to support the increasingly complex placements being made.

The care home sector is a key part of the local health and social care market, and it is recognised that we will need a more highly skilled care home workforce. Recognising this will mean reviewing the pay, training and broader employment package that staff receive if stability is to be brought to the market.

6. The future local care home market

Cordis Bright and Laing Buisson recently undertook a detailed local Care Home Market Strategic Analysis on behalf of the Council and care home providers. They found current reduced occupancy levels in most areas suggests excess capacity in the care home market and an ability for the market to withstand the loss of care home provision without impacting on the ability of local authorities or NHS commissioners to commission care home places to meet needs, notwithstanding the impact that home closures have on the residents, staff, and owners of those homes. Current social care and demographic trends suggest, however, that increasing capacity will be required in the longer term (5 years from now) and that current occupancy levels are a low point of demand. Discussions with care home proprietors as well as local authority and NHS commissioners suggest that the commissioned care home market is heading to a future of more complex placements for shorter periods of time.

Future demand for shorter term, more complex care home provision has impacts not only on the size of the care home market, but also on the type of care home provision in terms of the type of building and the staff resources available to meet that demand. The LA and CCG approach to equipment and assistive technology deployment across care settings will also affect where people are able to be best supported.

We expect the sector to move towards a 'future normal' state where there is a smaller independent care home bed base, that supports people for a shorter period. We also expect people to enter care homes with more complex needs and multiple comorbidities.

¹ Skillsforcare.org.uk. 2021. *Workforce estimates*. [online] Available at: <<https://www.skillsforcare.org.uk/adult-social-care-workforce-data/Workforce-intelligence/publications/Workforce-estimates.aspx>> [Accessed 12 April 2021].

This changing shape of the local market will need to be reflected in the skills development programmes and remuneration of care staff. There is a need to invest in retaining and developing skill levels and experience that can support the needs of those who choose to enter a care home. The sector also needs support to respond to the needs of a modern workforce alongside the needs of those being supported and their families. The proposals in this report aim to start to address this gap.

7. Impact of the Care Home sector on the wider economy

Putting the social care aspect aside, these are local businesses, with reach into a wide range of local supply chains. There is a need to consider how the LA and potentially WYCA support and strengthen the economic and business development support for the sector. The built care environment needs to change at pace if our local aspirations are to be met. The right broad package of support to instil confidence about investing in a new or existing care organisation in Kirklees needs to be collectively developed.

As discussed above the sector has been through a difficult year. However, from work completed in 2018 we know the sector had an estimated turnover of £95m, with a Gross Value Added (GVA) of £60m. The sector represented around 8% of the entire health and social care economy locally.

The care home sector's 4,000 staff represent 1 in 5 of all roles in the health and social care economy and 2% of the entire Kirklees working population. The care home sector employees supported 2,500 indirect jobs, and a further 800 induced jobs. (Indirect jobs are jobs created by the sector as it purchases supplies or other items for its business. An induced job is a job that is created by employees of the sector spending their money).

8. Wider Care accommodation influences

A recent report by SCIE² (Social Care Institute for Excellence) makes it clear that nationally there is a need to have a "housing that facilitates care and support" market which offers people much greater flexibility, choice, quality, and personalised options.

The SCIE work clearly identifies that the experience of ageing is highly personal, with an individual's health, family situation, networks of support, financial flexibility and general outlook on life all impacting that experience and need. We need to ensure that the local care accommodation market that can support these varying needs. The people who will reach older age in the next 10 or 20 years are used to expressing greater choice and control over the services they use and will expect the same from their care, support, and accommodation.

There is a need to work with the local market to ensure suitable housing that facilitates care and support options is available for all. This is across the full spectrum of care homes, retirement communities, retirement housing, supported living and Shared Lives schemes. This is very much reflected in our local draft Kirklees Specialist Accommodation Strategy and represents a huge business diversification opportunity for current and future operators, with the right business change support from the LA and other strategic partners.

9. The Proposals

There are two key proposals this report is seeking support for:

Investing in a strategic development partner

Investing in strategic development partner in the form of a care association is critical to developing and supporting our local care market. With such an investment, the 2020 – 2024 council's Vision for Adult Social Care will be enhanced by a strong sector voice and resource to engage in collaborative development and embedding good practice. The vision can only be delivered with the sector, and the sector can only effectively and consistently deliver with the additional resources of a strategic

^{2 2} Future options for housing and care: Improving housing that facilitates care and support for older people. Commission on the Role of Housing in the Future of Care and Support – Policy discussion paper. Available at: <https://www.scie.org.uk/files/housing/future-options-for-housing-and-care.pdf>

partner. The value of such a partnership was seen in the early stages of the pandemic as collaboration with the sector on issues such as PPE was critical.

A business case has been shaped with key partners leading the development of the local Care Association and reflects the best learning and opportunities from care associations across the country. We are seeking delegated authority to the Strategic Director for Adults and Health to issue a grant of £119k to support the development of the Kirklees Care Association. We anticipate that this will be jointly funded by NHS Kirklees CCG and Kirklees Council with the total value administered by Kirklees Council.

It is proposed that Cabinet will be asked to approve a grant of up to £119k, that will support:

- a) The initial formalisation of a business structure for the Kirklees Care Association (£40k).
- b) Grant to support the initial 2 years of operations (£79k).

Hardship and innovation Grant Funding

During Covid 19 there have been several local and national funding streams focussed on the adult social care sector. Whilst welcomed by the sector, they have often been tightly defined, short term and not focussed on a number of the pressing needs in the local sector.

In setting the 2021/22 budget, it was anticipated that some short-term local funding would be needed to support the Kirklees care sector. We are seeking delegation to the Strategic Director for Adults and Health to develop a short-term support scheme for the sector or, more likely, specific parts of the sector that are experiencing greatest pressure and which have greatest long term strategic fit with future demand.

It is anticipated that the cost of the further additional support, including the Council's contribution to investing in the Care Association will be up to £500k from within existing budgets. This excludes any additional national allocations to support the sector. The fund would be accessed via a business case proposal which would be shaped between providers and LA teams. Approval would be through Adults and Health SLT and sign off including risks and benefit criteria monitoring would sit with the strategic director.

The scheme will be evaluated throughout its operation.

Conclusion

The care home sector is a key part of the local health and social care economy, as a Kirklees place we will need a smaller and more highly skilled care home offer as part of an increasingly diverse local care and support market.

It is hoped that each of the proposals are seen as positive when looked at alongside the council and partner ambitions. We have involved external stakeholders in shaping the proposals and their collective outcomes will positively impact those working in parts of the care sector, those offering care services and those looking to invest in care services in Kirklees. At their core each proposal aims to improve the quality, access, choice, and care experience of Kirklees residents who access care and support services.

10. Information required to take a decision

The background to the sector, its workforce and the anticipated future requirements are outlined in this report. There has been a growing collaboration with the sector and to allow this to effectively develop investment and capacity is required.

The options for the development of the Kirklees Care Association are outlined in a business case and include using internal council officer resources to develop the association.

The costs of the Kirklees Care Association are £119k over the first two years and consists of: The initial formalisation of a business structure for the Kirklees Care Association (£40k) and grant to support the initial 2 years of operations (£79k). 50% of the grant will be funded by NHS Kirklees CCG but the total value will be administered by Kirklees Council.

Both the Kirklees Care Association and the Funding of temporary support requires Cabinet approval under FPR 22.11a “A Service Director may issue: a) Grant or loan of any value provided that it is offered fully in accordance with a scheme of grants or loans that has been approved by the Cabinet.”; and FPR 22.12.

If agreed by Cabinet a grant agreement will be developed between the council and the Kirklees Care Association outlining the expectations and limitation of the grant being issued. This could be in place within weeks subject to agreement with the Kirklees Care Association.

The grant agreement will be managed through existing contract monitoring capacity within adult social care. This will form the evaluation of the Care Association which will occur at about 18 months into operation to test whether outcomes around income, representation and proposed activity have been delivered. This will inform a 24-month point decision where the council decides whether to continue investing in the Care Association to enable it to reach its expected sustainability point at year five.

The outcomes and benefits of the Kirklees Care Association are outlined below and mainly involve building capacity in a care sector to engage with statutory partners on the long-term development of the care sector.

A strong Care Association would:

- Provide the Kirklees care sector with a single strong voice.
- Provide the LA & CCG and ICS with a single strategic development partner.
- Support and encourage care quality development and management across the sector.
- Develop in partnership sector wide digital innovations and system support.
- Produce business cases for additional resources to support development in the sector, accessing a wider range of funding than the LA or CCG.
- Act as a procurement lead negotiating sector wide discounts and preferential rates.
- Improved joint work around recruitment and retention, training, and staffing development.

11. Implications for the Council

• Working with People

Developing a strategic partner in the form of the Care Association gives us capacity and key people to work with who can represent and shape the future of care and support with us locally.

The proposed grant funding for the sector embodies shaping solutions with providers and end users that can develop jointly shaped and co-owned change. We have listened to voices across the care sector and there is excitement in working to make a range of cases for changes that the grant funding could support. There is also the opportunity to delivery on other strategic priorities as there are interdependencies with housing and support.

• Working with Partners

Care businesses, their staff as well as partners across the statutory and voluntary health and social care market all have had a role in shaping each of the proposals and have an even more important role in ensuring the proposals outlined are delivered effectively.

• Place Based Working

The age profile of our local population and the expected needs moving forward will mean a local approach will be required in this work. There are a cohort of people that may require care support

who will want to remain very local to where they live now, keeping local support networks active as people move into a care setting is very important. We are more aware of where over time demand is expected to manifest, which will present opportunities and strategic planning implications for the care home market.

Adult social care is increasingly working in a place-based way, the different locality hubs and the work with primary care networks has led to strong relationships with partners and local providers and led to case level outcome improvements across the range of our provision. The proposals will allow us to build on these already strong relationships to keep staff in the sector, support provider development and foster a culture of local innovation. A more locally focussed approaches to issues like staff development.

- **Climate Change and Air Quality**

Connected to place-based working as more local care provision is developed there should be less travel by families and carers, some of whom maybe travelling outside Kirklees to visit someone if current models do not adapt.

The clearer picture of demand at a local level should mean providers can make better investment in buildings, it is expected new developments would be significantly more efficient than some current assets.

- **Improving outcomes for children**

There will be no impact.

- **Other (e.g., Legal/Financial or Human Resources)**

There is a financial implication to each proposal:

- A. Seeking delegated authority for the Strategic Director for Adults and Health to grant fund the development of a strategic partner in the Kirklees Care Association – budget cost of £119k across the first two years which would be the remainder of 21/22, and 22/23 into 23/24 depending on the point the grant commences. Subject to final agreement it is anticipated that it will be jointly funded by NHS Kirklees CCG and Kirklees Council, but the total value will be administered by Kirklees Council.
- B. Seeking delegated authority for the Strategic Director for Adults and Health to oversee a hardship and innovation grant support for the local care sector from resources already identified within the 2021/22 budget of up to £500k.

In terms of the legal implications, the Council has a statutory duty under section 5 (1) of the Care Act 2014 to promote the efficient and effective operation of a market in services for meeting the care and support needs with a view to ensuring that any person in its area wishing to access services in the market has a variety of providers to choose from; has a variety of high quality services to choose from; and has sufficient information to make an informed decision about how to meet the needs in question.

In performing the section 5 (1) duty the Council under section 5 (2) must have regard to the need to ensure that it is aware of current and likely future demand for such services and to consider how providers might meet that demand; and the importance of ensuring the sustainability of the market; the importance of fostering continuous improvement in the quality of services and the efficiency and effectiveness with which such services are provided and for encouraging innovation in their provision; the importance of fostering a workforce whose members are able to ensure the delivery of high quality services. the Council must have regard to the Care and Support Statutory Guidance (last updated 27 August 2021) and in particular chapter 4 on market shaping and commissioning of adult care and support .

The Council has power to provide grants under the General Power of Competence under Section 1 of the Localism Act 2011 subject to acting reasonably in public law terms and rules relating to Subsidy Control.

A true grant in accordance with Financial Procedure Rules 22.1 (a) and 22.12 will not be caught by competition requirements requiring procurement under the council's Contract Procedure Rules and the Public Contracts Regulations 2015.

The Council must comply with its Public Sector Equality duty under Section 149 of the Equality Act 2010.

Do you need an Integrated Impact Assessment (IIA)?

An IIA stage one has been completed and the mitigations and evidence in place suggest no stage 2 assessment is required.

12. Consultees and their opinions

Kirklees Care Association – there have been a number of discussions and various feedback from the Care Association regarding the need to invest in the sector, and also to invest in the Kirklees Care Association. The current restrictions around grant funding available to the sector have been a cause of concern to the Care Association. The Kirklees Care Association have been engaged in the develop of both solutions and co-produced the business case.

Risk and Procurement – Risk and Procurement colleagues have been engaged in shaping the business case for a Kirklees Care Association and support the approach taken around sustainability, risk identification and 24-month review.

Finance – Finance colleagues have been party to the ongoing feedback from the sector around support for the Kirklees Care Association and the availability of grant funding. They support the use of FPR to fulfil the requirement and the approach taken to grant use to develop the Kirklees Care Association.

13. Next steps and timelines

Subject to approval by Cabinet, steps will be taken to implement the grant agreement with the Kirklees Care Association. Steps will also be taken to communicate the Hardship and Innovation grant offer to the sector and outline the process for application and use of the fund. The aim would be to have both grants in place by November 2021.

Regular briefings will be arranged with the Cabinet Member for Health and Social Care to update them on progress across both grants.

14. Officer recommendations and reasons

It is recommended Cabinet delegate authority to the Strategic Director for Adults and Health to administer grant fund up to £119k for the development of a strategic partner in the Kirklees Care Association for the years 2021/22 and 2022/23 and into 2023/24 in accordance with Financial Procedure Rule 22.12 the cost to be born equally between the Council and NHS Kirklees CCG.

It is recommended Cabinet delegate authority to the Strategic Director for Adults and Health to design and oversee a hardship and innovation grant support scheme for the local adult social care sector up to £500k from existing Council budget for 2021/22.

It is recommended that Cabinet note the broader pressures in the care home system.

As this report describes the care sector has and continues to experience significant challenges in relation to staffing, demand, additional COVID19 responsibilities and a difficult winter. The recommendations would allow the Council to build a stronger relationship with a key external partner to support co-produced sector change.

The second recommendation will allow the Council to provide support to providers locally who are seeking to diversify or require investment to improve the range of care available locally.

15. Cabinet Portfolio Holder's recommendations

- a. Cabinet support delegated authority to the Strategic Director for Adults and Health to grant fund the development of a strategic partner in the Kirklees Care Association.
- b. Cabinet support delegated authority to the Strategic Director for Adults and Health to grant fund hardship and innovation support for the local care sector.
- c. Cabinet notes the broader pressures in the care home system.

16. Contact officers

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17. Service Director responsible

Michelle Cross – Service Director Mental Health & Learning Disabilities.