

# Market Sustainability Plan – Royal Borough of Windsor and Maidenhead March 2023

## Section 1: Assessment of the current sustainability of local care markets

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

**Note on data:** As is the nature of adult social care, the data relating to the numbers of people who require support and the costs of providing that support are dynamic. Data used in this document is also taken from various sources. This means that caution must be used when cross-referencing some figures.

#### Overall Assessment

A sustainable market is one which has a sufficient supply of services but with provider entry and exit, investment, innovation, choice for people who draw on care, and sufficient workforce supply.

The Local Authority's overall assessment of the 65+ care home market is that is currently functioning well, in terms of availability and quality, for both public bodies and people who pay for their own care.

As can be seen below however, fees have increased and continue to do so. The council is still able to purchase beds of all types within the local market, however, increasing prices mean that this cannot be achieved within current budgets.

There are, however, incredibly significant pressures which are increasing the risk that our market may no longer be sustainable over the medium term. One overriding pressure is RBWM is unable to afford services available in the market.

#### Local context

The Royal Borough of Windsor and Maidenhead (RBWM) is 79 square miles, located in Berkshire at the heart of the Thames Valley. It is less than 30 miles west of central London. It comprises three main settlements; Ascot, Maidenhead and Windsor, and enjoys a predominantly rural setting, including Green Belt, Crown Estate and National Trust land.

The Royal Borough is one of six unitary authority areas within Berkshire, and one of five local "places" that make up Frimley ICB.



Figure 1: Frimley Integrated Care System (ICB).

### How RBWM engage with the 65+ care home market

The Local Authority employs a combination of block and spot contracts to meet the needs of people who have been assessed by the authority as requiring residential or nursing care.

There are 6 “block contracts” providing 177 contract beds in the borough:

- 25 are residential
- 45 are residential dementia,
- 45 are nursing
- 62 are nursing dementia

These block contracts have different end dates which end after 2025.

Within the context of the Care Act 2014, the Local Authority aims to manage the “block”, so that the available beds are always close to zero. There are, however, periods of time when the residential beds have not been at full capacity. This indicates a relative lack of demand for residential beds compared to the demand for Nursing and Enhanced Nursing beds.

As of March 2023, RBWM commissioned 176 spot contract beds for people over 65.

As of March 2023, in total including spot and block arrangements, the Local Authority is commissioning 353 beds for people over the age of 65.

## RBWM “fees” vs FCoC “costs” (not including FNC)

	<b>RBWM Spot median (not including FNC)</b>	<b>FCoC Median (not including FNC)</b>	<b>Gap</b>
65+ CH without nursing	£950.00	£1,164.66	£214.66
65+ CH without nursing, enhanced needs	£960.00	£1,167.42	£207.42
65+CH with nursing	£1,080.00	£1,176.30	£96.30
65+ CH with nursing, enhanced needs	£1,030.00	£1,248.83	£218.83

### Current bed numbers in the borough

There are 37 care homes in RBWM including care homes for older people and those with a learning disability, with a total maximum capacity of 1,424 beds.

There are 26 care homes that serve the 65+ care home market, with a total maximum capacity of 1,353 beds. The remaining 11 care homes are for people with a learning disability.

1,092 (81%) beds that serve the 65+ care home market are occupied.

### Sufficiency of supply

There are significantly more adult social care beds in RBWM than in neighbouring authorities. ONS<sup>1</sup> data indicates RBWM has twice the number of beds per 100,000 population as Slough Borough Council and three times as many as Bracknell Forrester Borough Council.

*Table 1: Beds per authority in East Berkshire*

	<b>Beds<sup>2</sup></b>	<b>Beds per 100,000</b>
Windsor and Maidenhead	1,226	1,059
Slough	539	506
Bracknell Forest	317	343

*Table 2: Beds per authority in the wider region*

	<b>Beds</b>	<b>Beds per 100,000</b>
Wokingham	1,453	1,151

<sup>1</sup>

[www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthcaresystem/datasets/demandforadultsocialcareacrosscountiesandunitaryauthoritiesinengland](https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthcaresystem/datasets/demandforadultsocialcareacrosscountiesandunitaryauthoritiesinengland)

<sup>2</sup> This data covers all residential and nursing beds however 94% of these beds in RBWM serve the 65+ care home market.

<i>England average</i>	-	1,089
Windsor and Maidenhead	1,226	1,059
Buckinghamshire	4,287	1,038
Reading	926	735
West Berkshire	891	726
Slough	539	506
Bracknell Forest	317	343

The number of beds in care homes per 100,000 people for the whole of England is 1089. This means that although RBWM has the right number of care beds to supply local needs, the neighbouring local authorities do not. The consequence of this is other local authorities and self-funders from outside the borough are forced to seek 65+ care home beds in RBWM. This has had and will have, a considerable influence on the RBWM market.

### **Diversity in the market**

Within the local care home market, there are a wide range of care homes offering services at different price points.

16 (62%) of care homes in the borough are owned by large care groups, with the rest being owned independently.

### **Quality of 65+ care home market**

CQC ratings for care homes in RBWM are

- 4 are Outstanding,
- 21 are Good,
- 1 Requires Improvement

1 care home closed in the last 12 months due to the retirement of the owner.

### **Workforce pressures**

RBWM understands workforce pressure to be a major risk factor within our market. This position was established through a series of workshops with providers, in partnership with Berkshire Care Association, in early 2022. The recruitment and retention of frontline care staff and nurses being the dominant issue. Low wages, compared to other sectors, as well as the availability of labour is driving this pressure.

Research undertaken by RBWM in early 2022, indicated that despite the recent above-inflation rises in statutory minimum wages, providers in RBWM have not experienced a consequential direct increase in employment costs. This is because providers are already exceeding statutory minimum wages. In fact, most of the social care workforce in RBWM already receives an hourly wage above the voluntary Real Living Wage (RLW) of £9.90.<sup>3</sup>

<sup>3</sup> 2021/22 figure valid until 14 May 2023

[What is the real Living Wage? | Living Wage Foundation.](#)

Social care providers in RBWM are, however, very vulnerable to local wage inflation and this is likely to become more acute because of further general inflation in wages. As high-level wage levels in the local labour market inflate, this must be matched by care providers or vacancy levels will significantly rise. The increase in the National Living Wage will further increase the pressures in the market and will result in increased prices.

### **Demand pressures**

The following is taken from RBWM’s Corporate Plan 2021-2026<sup>4</sup>

*Our local population is estimated to be 151,273 and is both growing and ageing. We are proud that more people are choosing to live in the borough, but a higher population increases demand for housing, school places and other services, and puts pressure on infrastructure. Our older residents in general enjoy high life expectancy and healthy lives, but an ageing population, and a longer life expectancy for many disabled adults also means a rising demand for adult social care. A higher demand for our services means that we need to be smarter in the ways in which we design, deliver and connect people to support.*

Table 3: People aged 65 and over living in a care home with or without nursing by local authority / non-local authority, by age, projected to 2025<sup>5</sup>

	2020	2025
People aged 65-74 living in a non-LA care home with or without nursing	110	109
People aged 75-84 living in a non-LA care home with or without nursing	341	400
People aged 85 and over living in a non-LA care home with or without nursing	733	845
Total population aged 65 and over living in a care home with or without nursing	1,186	1,357

The population requiring accommodation within a care home is growing. There is still, however, headroom within the local care estate to manage this growth over the short term, however, this may cause a wider system issue in neighbouring authorities.

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

**Note on terminology:** “18+ domiciliary care” and “home care” have been used interchangeably by the Department of Health and Social Care (DHSC) and various organisations and agencies involved in this process. For clarity, this document will use “home care” as that is the term used when delivering the project.

### **Overall assessment**

The Local Authority's overall assessment of the home care market is that is currently functioning well and is sustainable over the next 3 years.

In August 2022, RBWM completed a significant project to recommission Adult Home Care Services. The objective of the new contract was to

<sup>4</sup> [www.rbwm.gov.uk/media/2712/download](http://www.rbwm.gov.uk/media/2712/download)

<sup>5</sup> <https://www.poppi.org.uk/>

*..maintain the best possible care for service users by procuring the domiciliary care packages most effectively, delivering the best value from the public funds available.*

RBWM awarded 5-year contracts to a range of providers who can deliver home care on behalf of the local authority. Individual packages are assigned using a Dynamic Purchasing System (DPS).

The contract awards were made following a comprehensive tender exercise that required providers:

- to demonstrate they held a Care Quality Commission rating of “Good” or “Outstanding”
- pass appropriate references regarding their financial standing and status

The contracts were let at a per-hour contract price of £19.40. From April 2023, this rate will increase to £20.18 per hour. This is intended to address the increase to the National Living Wage.

7 providers joined the DPS when the contract was let in August 2022. As of March 2023 there are 11 providers on the DPS. Several more have expressed an interest in joining the contract and have been advised to apply when they are assessed by CQC as good or outstanding.

### **How RBWM uses the home care market**

RBWM uses a DPS to buy packages of home care to meet the needs of people who have been assessed by the authority as requiring home care.

### **Sufficiency of supply**

The Local Authority has not identified any issues with the supply of home care. For example, in the last 12 months 0 home care organisations have closed, and 2 new providers have entered the market. There is however a significant pressure arising from the lack of available workforce which must be addressed.

### **Diversity of home care market**

There are 25 home care providers registered in RBWM, supporting 550 people. These people are, in the main, self-funders as most providers used by the local authority have registered offices outside the borough.

Home care providers have a range of business models: from micro-enterprises serving a limited cohort of people to large SMEs with a regional footprint.

### **Quality of 65+ care home market**

CQC ratings for home care providers

8% are Outstanding,  
56% are good  
8% require improvement  
28% are not rated

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

### Summary

The assessment of the impact of future market changes is that they pose a significant financial threat to the local authority and, in turn, to the delivery of adult social care in the borough. The threat would be increased if the FCoC exercise is imposed as the determining factor in the price rather than allowing the local authority to weigh up a range of factors to determine prices locally.

The local authority has made this assessment for several reasons:

- The local authority currently pays the market rate for care home placements and for home care. There is already a budget pressure of £3.m on care home budgets because of increased demand and paying the market rate. Any price increase resulting from the FCoC exercise would increase the budget gap.
- The local care market would be significantly destabilised if other local authorities chose to increase fees in line with the outputs of their FCoC exercise. Other local authorities and the NHS purchase a total of 18% of the beds in the borough; RBWM purchases 22% beds in the borough.

There is a high number of self-funders in the borough, particularly in care homes. 38% of beds in the borough are occupied by self-funders with most unoccupied beds also catering to the self-funder market. Should the voids

- be filled with people funding their own care, the percentage of beds filled by self-funders would be 59%.

*Table 4: A census of all care homes in the borough in February 2022*

Purchaser	Beds	Percentage
Beds purchased by RBWM	308	22%
Beds purchased by other LAs	151	11%
Beds purchased by the NHS	101	7%
Self-funders	527	38%
Voids	285	21%
Total	1372	

## **Affordability**

As a general principle, the local authority understands that a fair rate for care should be paid to care providers to enable them to sustainably deliver high-quality care. As already stated, RBWM is already paying a fair cost of care as prices are market led.

RBWM is in an extremely challenging financial position so the determination of what is a fair price in the context of our market over the next 1-3 years could have a profound impact on the local authority's finances. Approximately 80% of our spend is for demand led services for both Adults and Children's and 80% of our funding comes from Council Tax. We have one of the lowest Council Tax rates in the country and so we are an outlier in terms of our ability to raise funding to support our most vulnerable residents which adds further pressure.

In the Spring 2020, it was widely reported that the council was considering taking the extreme step of issuing a Section 114 notice. Although this was averted, the financial position remains extremely challenging. RBWM simply does not have the financial headroom to respond to any market changes that significantly increase the cost of social care.

## **Fair Cost of Care Modelling**

The Local Authority has used the John Jackson method to estimate the impact of implementing the raw outputs of the Fair Cost of Care exercise in full. The local authority's care home budgets are not keeping up with post-pandemic demand and prices with a current budget gap of £3m, any increase to prices as a result of the FCoC exercise would widen that gap. Should the fair cost of care exercise results increase the prices, then an additional £3.2m<sup>6</sup> would be required in 2023/24 making a total of £6.4m in 2023/24. This does not include funding for demographic or inflationary pressures.

However, for the reasons set out in **Annex B**, implementing the raw outputs of the Fair Cost of Care exercise in full would be disproportionate, namely that RBWM spot purchases the majority of its care home bed requirements at the market rate. The £3.2m funding identified above is required as the price now paid outstrips the council's resources by that amount.

## **Disruption**

The Local Authority can demonstrate it is currently successfully managing good quality supply within the market for both 65+ care homes and 18+ domiciliary care to meet its own needs.

RBWM does not, however, have full control of the whole 65+ care home market in the borough. This is because, as highlighted in Section 1, it only commissions 22% of the available beds.

There is an additional risk to the levels of self-funders in the local market. Although the census indicates that the care home market is 38% occupied by self-funders, the 21% of voids are surplus to the requirements of RBWM and are largely in homes that

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<sup>6</sup> The initial modelling used a 20% theoretical increase in fees because of the Fair Cost of Care exercise, the final data however indicated it would be 23%.



cater to the self-funding market. Should the voids be filled with people funding their own care, the percentage of beds filled by self-funders would be 59%.

A risk to the market in RBWM must therefore be that the actions of individuals and organisations beyond our control, cause damage to the local market. An example of how this could happen is if a neighbouring authority unilaterally increased the fees paid to providers in RBWM in response to the FCoC exercise.

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

#### **(a) 65+ care homes market**

RBWM is an active commissioner that attempts to shape the 65+ care homes market in the context of not holding a dominant position within it.

The overarching approach has been to manage the market through:

- long-term block contracts
- active engagement with providers to provide spot placements at a fair and reasonable rate
- A close working relationship with Berkshire Care Association

The Local Authority does not believe there is currently a systemic sustainability issue within the 65+ care homes market in RBWM providing neighbouring boroughs do not increase the price they pay to the outputs of the FCoC.

RBWM understands that fees will rise because of inflation and other external factors. It does not, however, believe that increasing the fees to meet the raw figures identified in the Fair Cost of Care exercise would be prudent for the reasons outlined in Section 2.

RBWM will continue to manage the market through a continuation of the existing strategy, amended to reflect the fact that the Local Authority will have a duty to commission residential and nursing placements for self-funders. This may bring additional controls over the market and an opportunity to influence the commercial models of providers in, for example, increasing block provision.

#### **How RBWM will use Fair Cost of Care Funding**

Fair cost of care funding will be used in three ways:

- To meet the budgetary pressures of the current market rate paid to providers as is evidenced in Annex B.

- To support providers to meet inflationary pressures and to maintain a sustainable workforce. To be clear RBWM absolutely recognises that providers will require an increase in fees over the next three years.
- Provide more commissioning support to those that currently arrange and fund their own care, ensuring they can access the same rates as RBWM.

**(a) 18+ domiciliary care market**

In August 2022, RBWM completed a significant project to recommission home care (Adult Home Care Services). The objective of the project was to maintain the best possible care for people at home by procuring the home care packages most effectively, delivering the best value from the public funds available. To do this established a Dynamic Purchasing System (DPS) for the provision of home care services for adults.

RBWM awarded 5-year contracts to a range of providers who can deliver home Care on behalf of the local authority to the expected number of people who require home care.

This award was made following a comprehensive tender exercise that required providers

- To demonstrate they held a Care Quality Commission rating of “Good” or “Outstanding” in the local office this the service would operate from
- To pass appropriate references regarding their financial standing and status

The contracts were let at a per-hour contract price of £19.40 which will increase to £20.18 from 1<sup>st</sup> April 2023. This is significantly below the median per-hour contract price of £22.50 cost arrived at through the Fair Cost of Care exercise.

There is also availability of good quality home care for self-funders in the borough; most home care providers registered locally cater to the self-funding market.

**How we will use Fair Cost of Care Funding**

Fair cost of care funding will be used to support providers with inflationary pressures and to attract and maintain a sustainable workforce.

**The Fair Cost of Care Report (Annex B)** published on the Council’s website:

[Annex B](#)