

Islington Market Sustainability Plan

March 2023

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

Over the next 3 years, ASC Commissioners will focus on the following key priorities to drive our ambitions and to support market sustainability, market capacity and good outcomes for residents:

- Develop a locality-based, enabling home care model
- Recruitment and retention including workforce development
- Drive a more inclusive economy with good terms and conditions for the workforce and enable small community led and local home care providers to develop in Islington
- Increase 'extra care' provision in borough
- Work with care home market to be better able to respond to increasingly complex needs
- Fee setting and targeted inflationary uplifts that support provider sustainability
- Quality Assurance Framework developments to ensure quality of care

The Adult Social Care vision is for residents to live healthier, happier, longer and more independent lives, ensuring residents are well supported to stay well and live at home for as long as possible. This is reflected in the Council's [Market Position Statement](#) published in 2021 that outlines the Council's Adult Social Care and integrated commissioning intentions for 2021-2024.

To realise this vision, there is a significant role for home care. Our priority is to enable people to remain at home wherever possible, maximising wellbeing preventing or delaying the need for residential care. This will require significant capacity within our home care market, a workforce with the qualities and skills to provide enabling person centred culturally competent care and a willingness to work holistically with local community health and social care professionals to enable residents to remain living in their own homes. This will help mitigate the challenge we face with limited care home supply.

We have a robust approach to contract management and quality assurance to ensure quality of care and wellbeing of residents. The Council has developed strong relationships with providers through a variety of forums that support us to drive continuous service improvement, understand the challenges providers face and address capacity and sustainability issues.

Recruitment and Retention of the ASC workforce is a significant challenge, exacerbated by the increase in cost-of-living. Across the North Central London sub region (NCL) there are 38,000 social care jobs and at the end of 2020/21 the vacancy rate was 12.7%. The number of vacancies has doubled compared to the previous year. The average turnover rate was 23.5%. The care workforce is ageing, with 29% of the workforce aged over 55. The NCL workforce

development programme leads on coordination of workforce development across the sub-region. The programme created the Proud to Care North London site, which is used to advertise job vacancies and training opportunities across NCL to support providers with recruitment. This is in addition to our local recruitment offer delivered by the Council's iWork service.

Whilst we have significant workforce challenges, our vacancy, turnover and zero-hour contract levels across NCL are below London averages and an increasing number of residents are supported by providers who pay the London Living Wage. It is our ambition that all providers pay the London Living Wage and offer good jobs for local people, and this is stipulated in our contracts.

Assessment of current sustainability of the 65+ care home market

The Council has identified the following key priorities to address the challenges within the care home market:

- Availability of care home placements within and close to Islington
- Care home ability to respond to the increasingly complex needs of residents
- Workforce capacity and skills to meet increasingly complex needs

Islington care home market

The number of residents over 65 in long term care home placements has increased from 438 in September 2019 to 453 in September 2022.

Islington has a relatively small older people's care home market, with 447 beds across eight homes. Seven of the eight homes are registered to provide nursing care, with some also providing residential and older people's complex mental health care. The provision is of good quality with seven out of eight providers with a Care Quality Commission (CQC) rating of 'Good' or better. The council currently holds block contracts for 239 beds (53% of the available beds across five out of the eight homes). Islington relies on a small number of large national providers; three providers are among the five largest care home providers in the UK.

The size of Islington's care home market is affected by several factors, including land and property prices. Islington is a small densely populated borough with very limited opportunities for developing additional care home provision in borough.

Although the Islington care home market does provide for a range of needs, the level of demand is higher than local capacity. We therefore need to spot purchase placements in and out of borough. Two-thirds of care home spend is spot placements. One-quarter of care home spend is out of borough spot placements.

We place approximately 40% of our residential and nursing residents within the borough, 21% outside but within NCL; 9% outside but within inner London; 36% but within outer London and 15% of residential and nursing residents in care homes outside of London. We largely only place people out of London to be near family or where their needs can be better met.

We are addressing limited capacity through supporting more people with high needs at home and strategic market management across North Central London (NCL) sub region.

North Central London sub-regional approach to market management

Due to the scale and breadth of the issues, the 5 boroughs in NCL recognise and have adopted a joint approach to market management, including joint work with NCL Integrated Care Board.

An NCL-wide robust approach to annual inflationary uplifts has enabled Islington to identify a sustainable cost of care for each care home, recognising homes have different operating models, ensuring a sustainable marketplace. Rates agreed with providers have assumed a reasonable surplus and no cross subsidy from self-funders. Our approach to uplifts, to support market sustainability is explained more in Section 3 below.

There are currently additional pressures on care home providers due, for example, to energy price inflation. These pressures affect different providers in different ways, and we are seeking to further understand how this is affecting Islington providers.

Care home workforce challenges

There are significant recruitment and retention issues for the social care workforce nationally, which is mirrored in NCL. Care home nurse recruitment (including Registered Mental Health nurse) is proving particularly challenging given the national shortage of nurses and competition with the NHS. This presents a risk to the sustainability of the nursing home market. This is a significant issue as care home residents have increasingly complex needs compared to residents who entered care homes in the past. Providers report work to bring staff from overseas to fill the workforce gaps.

Current fees

	All providers that Islington place with (2021-2022)	All providers that Islington place with (2022-2023)	Comments
Residential Care (Including Dementia Residential)	£790.80	£932.76	The figures include providers who pay London Living Wage and National Living Wage.
Nursing Care (Including Dementia Nursing)	£936.79	£1,117.41	

Assessment of current sustainability of the 18+ domiciliary care market

The Council has identified the following key priorities to address the challenges within the home care market:

- Diverse range of good quality providers, with capacity to meet diverse needs
- Locality home care model
- Market development to ensure residents can deliver enabling, culturally competent care
- Recruitment and retention, including workforce development

The home care market in Islington

We provide over 23,000 hours of home care per week to 1,323 residents.

Type	Client numbers in February 2023	Weekly hours	Average cost per hour	Market share (hours)
Block Provision	636	8770	19.07	36.29%

Spot Provision	687	15,048	18.55	63.81%
Total	1323	23,818	18.71	100%

Since 2018, three out of five of our block contracted home care providers have stopped working in Islington, with the remaining two now owned by the same parent company.

The impact of the pandemic, in addition to the multiple provider failures noted above, has increased Islington’s reliance on spot purchased packages which now account for 50% of all packages of care. However, there continues to be a vibrant, diverse market of home care providers delivering home care services in Islington including smaller and specialist providers.

As a small borough, there are no issues with the market’s ability to support needs across the full geography of the borough. Over the pandemic, the market was able to meet demand including urgent referrals to support hospital discharges. However, the market struggles to compete with the NHS and by other sectors terms and conditions. Islington’s home care market has faced increasing workforce issues over the last 12 months, which impact on provider capacity to take on new packages of care. It is harder to recruit male care workers, a workforce diverse enough to meet the language and cultural needs of all our residents or enough staff willing to work in the latter part of the day, impacting their capacity to support residents who need evening care calls. Providers work with Islington’s iWork team to support recruitment.

We support a sustainable home care market through our robust approach to fee setting and uplifts.

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

Adult Social Care will continue to experience a range of challenges over the next couple of years:

- Increasing demand for care home placements and home care
- Increasing acuity and complexity of need
- Recruitment and retention issues
- Preparation for charging reforms.

The Council strives to enable residents to maintain independence in their own home for as long as possible.

The Council’s Resident Support Scheme supports residents facing severe financial hardship and in need of one off or temporary help with urgent living costs people to continue to live at home, assisting residents during the Covid pandemic cost-of-living crisis. This has included proactive engagement with pensioner households to help residents claim £1.866m of annual additional benefit entitlement, measured as an economic impact on the borough of £9.486m. The council has used various grants to help low income and vulnerable households financially.

Improving residents' financial resilience helps to maintain independence, preventing or slowing down the need for additional care and support.

However, despite our focus on enabling people to remain independent at home, our needs analysis forecasts an increasing demand for Adult Social Care with increasing complexity of need, including rising rates of dementia. This presents challenges operationally to ensure capacity to meet demand and increasing pressure on the Adult Social Care budget, despite continued efforts to prevent, reduce and delay escalation of need.

Despite a focus on supporting people at home, and investment in Assistive Technology, based on population projections, increasing complexity of needs and the trajectory from previous years, we estimate care home demand will increase. There will be particular need for additional nursing bed capacity and support for residents with complex physical, mental health and/or behavioural needs.

Whilst we expect to see increasing needs, we do not expect to see any new care homes in Islington in the next few years, which means we will have to place more people out of borough. Land and property prices in NCL are amongst the highest in the country, which will continue to impact on providers' ability to develop new provision and creates higher incentives to leave the market. Since 2015, the rate of care home closures in NCL has been double that of the national average, which impacts on availability. Should the trend continue, new homes will be targeted at the self-funder market, reducing capacity available to local authorities. Islington has not seen any older people care home closures, however, given we rely so heavily on homes in the NCL sub region, home closures on that wider footprint have and will continue to reduce much needed local capacity.

We will continue to rely on out of borough placements. The sustainable rates set by other boroughs will be considered as part of our annual uplift process and these rates will have a financial impact on the Council and present a financial risk.

Based on population projections and trajectory from previous years, and our focus on supporting people at home, the number of people accessing home care support is estimated to increase. Whilst the care home market is relatively robust, the home care market is much larger, more fragile and susceptible to market failure.

The significant recruitment and retention issues for the social care workforce will continue to present a challenge. If recent trends continue, we will see a further increase to vacancy rates across NCL, an increasing turnover rate and an increasingly ageing care workforce. By 2035, it is estimated that the care workforce in NCL will need to grow by 11,000 posts. There needs to be significant additional recruitment of staff to meet future demand. The Council and providers will continue to face challenges in competing with NHS and other sectors to attract talent. If we are unable to address the workforce challenges, Islington will be less able to provide care in a timely way and offer choice and provision that delivers best outcomes for residents.

The Government has delayed the implementation of the Adult Social Care Charging Reforms. However, the Council will need to commit resource and time to prepare for the implementation, including consideration of the impact on brokerage and demand for services. The Council is concerned that both the extension of S18(3) of the Care Act to residential and nursing homes and the Cap on Care will incur greater costs for the council, that are likely to be inadequately

funded, with the Cap on Care potentially leading to the Council incurring long-term costs for residents who choose to live in homes charging above market average fees who reach the care cap.

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

Islington is already doing a lot of work to support market sustainability and capacity and will continue to build on these efforts over the coming years.

Over the next 3 years, the Council will focus on the following developments to support market sustainability, capacity and best outcomes for residents:

- Continue to implement and refine our robust fee setting and uplift approach
- NCL workforce programme and Islington Health and Social Care Academy initiatives to support recruitment and retention
- Adult Social Care Accommodation Strategy
- Care Home market development, with a focus on meeting increasingly complex needs
- Increase extra care provision in the borough
- Investment in a locality based, enabling home care model
- More integrated working between home care providers, adult social care, community health and voluntary and community sector
- Drive a more inclusive economy through a focus on good terms and conditions for workforce and social value

Fee setting and uplift process

The Council is committed to ensuring a price for care that is financially sustainable. However, the Council must meet its obligations to deliver a balanced budget and needs to deliver savings to achieve this. Since 2012 the council has been required to make budget savings of over £231m to achieve a balanced budget. The Council has been required to make savings of nearly £11m in 2023/24 to balance our budget. The Council must fund the market within a limited cash envelope and will receive less central government funding in 2023/24 to manage the market than initially anticipated at the launch of the Cost of Care exercise.

The Council has delayed the re-procurement of the home care service to ensure it can be informed by the recent cost of care exercise.

The [Cost of Care Exercise – Care Homes](#) and [Cost of Care exercise – home care](#) has been useful in reinforcing our confidence in the way we engage with our providers and our robust approach to fee setting and uplifts. The outputs of the recent [Cost of Care Exercise – Care Homes](#) provider submissions do not mirror the rates determined through our independent benchmarking analysis. This is due to Islington having a very small care home market and despite best efforts by both the Council and providers, there are multiple issues with the median figure determined by the provider submissions. The median rate determined by the provider submissions does not represent what benchmarking identified as a sustainable rate.

The cost of care exercise was not intended to be a direct replacement for the Council’s fee setting process or individual contract negotiations. The cost of care exercise will help to refine the uplifts tool we use with providers going forward. The outputs of the cost of care exercise will be one element to inform future negotiations, taking into consideration other known market factors including inflation, demand, capacity, benchmarking, quality and importantly affordability for the local authority. Fee rates and annual uplifts will continue to be determined through sound judgement, evidence from robust cost modelling and benchmarking and local negotiation.

The Council has used its allocation of the 2022/23 Cost of Care grant funding in the following ways, to reflect the costs to the Council in implementing the cost of care exercise and to address additional pressures on home care and care homes, beyond standard inflation.

Use of grant	Amount	Comments
Implementation of CoC	£113,000	External organisation commissioned to undertake home care Cost of Care work. Officer resource to support Cost of Care work
Home Care and Care Homes (Residential and Nursing)	£754,975	Unexpected inflationary and other increases above what had been planned or one-off operational challenges
Total	£867,975	

The Adult Social Care Market Sustainability and Improvement Funding Grant in 2023/24 will be used to improve Adult Social Care and Market Sustainability. The Council will adopt a target approach to uplifts on placements and packages of care below what the up-to-date benchmarking identifies as sustainable rates.

NCL workforce programme

Our NCL workforce programme will continue to develop the following approaches to support provider sustainability through workforce:

- Student placement pathways - work with local colleges and providers to develop good placements to design placements to incorporate true understanding of roles in social care
- Staff recruitment - continue to resource Proud to Care North London/ work with London Association of Directors of Adult Social Services site and listen to providers around workforce issues and collaborate to resolve as far as possible
- Princes Trust project – work with the Prince’s Trust to recruit a target of 75 young people (60 sustained outcomes over three months) into health and social care roles
- Mayoral Social Care Academy will aim to increase recruitment of entry level roles to the sector through a range of further education courses

In addition, Islington iWork and Islington Health and Social Care Academy will continue its system-wide efforts to support local residents through the creation of, and access to good local social care jobs as well as to ease the workforce challenges experienced by the sector.

65+ care homes market

Accommodation strategy

Adult Social Care is developing an accommodation strategy, which we expect to be published in late Autumn 2023, to inform the development of a range of accommodation options to meet the needs of residents when they can no longer remain at home.

The council is committed to enabling people to remain living at home wherever possible. However, the responsibility to meet needs must sit alongside value for money and financial affordability decisions. As hours of care for individuals increases and caring for people in their own home becomes more costly than placing in accommodation-based settings, the Council will not be able to care for everyone in their own home. One way of mitigating this risk is to provide alternatives, such as additional extra care housing where 24-hour support is available on site. The Council has committed to more extra care development in borough, reflected in Islington's Local Plan. The borough currently has one extra care scheme with another in development, due to open in 2026/27.

When residents require accommodation-based provision, the council is committed to supporting people to live as close to their communities as possible. The Council will continue to work with colleagues across NCL to explore additional care home capacity as close to Islington as possible to maximise resident choice.

NCL market management strategy

The NCL Joint Market Management programme will continue to focus on supporting a sustainable care market that can meet current and future demand for care home placements. This work will continue over the next three years, with a continued focus on the following priorities:

- Exploring how to stimulate development of additional care home capacity in NCL, with a particular focus on increasing nursing capacity
- Paying a consistent rate to care providers based on host borough rates
- Aligning approaches to inflationary uplift processes to promote sustainability
- Supporting providers with recruitment and retention of a skilled workforce
- Collaborating on quality assurance offers to providers to raise quality levels
- Working with providers to develop shared solutions through a coproduction forum that meets monthly
- Developing our offer for residents with complex needs by reviewing the transitional and ongoing clinical support available to residents in care homes and reviewing our approach to commissioning one-to-one support

In addition, Islington Adult Social Care will work in partnership with other council colleagues and local providers to explore creative opportunities, using existing resources, for making best use of local bed capacity, to best meet the needs of people living with complex dementia.

18+ domiciliary care market

Develop new home care model

The Council is developing its [home care model](#) to better ensure providers can respond to demand, deliver good quality, culturally competent care and meet individual needs. To achieve better outcomes, we need stable locally connected providers that can meet a diverse range of needs. Home care will be organised in three localities, and more integrated with the voluntary, community and social enterprise sector as well as the wider health and social care system. In addition, the home care workforce will benefit from stronger relationships with in-house reablement and opportunities to share the reablement team's experience of delivering support that is enabling and independence building.

We have developed a long-term procurement approach to ensure market sustainability and high-quality provision. A flexible framework agreement will operate for up to eight years, as a mechanism to procure home care services. This will provide a pool of quality assured providers to commission Locality contracts as well as contracts for individual packages of care (where needed to bolster capacity). The Council will commission a range of providers to reduce the risk of market failure. Residents will still be able to exercise further choice and control over their care through a Direct Payment (DP), which enables them to purchase care directly from a care provider or employ a Personal Assistant (PA).

Commitment to an inclusive economy

Our procurement approach will support our commitments to greater compliance with the Ethical Care Charter as more residents will be supported by contracted providers on the home care framework who will need to pay London Living Wage, provide paid travel time and offer guaranteed hours to its workforce. The Council will ensure fair but competitive pricing with an hourly rate that reflects what the Council believes to be a sustainable cost of delivering care determined by robust benchmarking.

The framework may reopen at certain intervals over the duration of the framework to enable new and developing providers to join and offer services to the Council when they are ready and can meet our selection criteria. To ensure a more diverse market and more resident choice, the Council will offer a range of minimum guaranteed contract sizes in each locality, to enable smaller providers including cooperatives and voluntary community and social enterprise providers, including providers representing our diverse communities, to bid.

Review of home care commissioning

Islington Council, along with the other four NCL boroughs, have commissioned a comprehensive review of home care commissioning, including a sustainable pricing exercise, building on the data collated for the cost of care exercise. We will undertake further analysis of the home care market, drawing on the outputs of this review to inform our commissioning approach and benchmarking and uplift process in future years.

The Council will continue developing our new home care model and develop the market in partnership with residents, health and social care partners and the local provider market.