

Annex C: Market Sustainability Plan for Lambeth

This document sets out Lambeth's market sustainability plan for the 65+ care home market and 18+ home care market. The plan follows the template and guidance provided by the Department for Health and Social Care (DHSC) for the Market Sustainability and Improvement Fund. This document is intended to be read alongside the Lambeth [Annex B cost of care report](#). Please refer to the Annex B report for a full overview of the limitations presented by the methodology for the national cost of care exercise.

Lambeth's market sustainability plan has been informed by sustained engagement with local providers of home care and older people's care homes, via a series of initiatives including provider surveys and engagement sessions. Their insights have informed the findings of this plan throughout; in particular, establishing a clear emphasis on workforce challenges as a sustainability issue of primary importance for both sectors.

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

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

Lambeth's overall approach to strategic commissioning for older people is focused on supporting independence and enabling people to stay at home where possible and appropriate. We also recognise that for some of our clients, a care home placement offers the best environment to be supported. The care home market is also key for supporting hospital discharge, via Pathway 3 and for the Discharge to Assess process. Nursing and residential care homes are a vital element of the care and support market in Lambeth.

Supply and demand: There are currently 38 care homes in Lambeth, of which nine homes primarily provide care for older people (OP) aged 65+. Most of Lambeth's care home beds are within the nine OP homes (584 of 947, 62%). All nine OP homes provide residential care and seven of nine OP homes also provide nursing care. Data submitted by the Lambeth OP homes via the cost of care exercise indicates that these homes are predominantly occupied by residents placed by their local authority (88%), with relatively few self-funders across the homes (12%).

Lambeth older people's care homes	Beds	Occupancy (March 2023)	% of self funders
9	584	92%	12% (88% placed by local authorities)

Lambeth's care homes are mainly concentrated in the south of the borough, which is also where the highest proportion of the borough's older people's population resides. Latest placement data shows that 43% of Lambeth older people's care home beds are currently occupied by Lambeth clients. Meanwhile, roughly one in three Lambeth OP care home placements are out of borough, predominantly in South West and South East London. Out of borough placements are partly led by client and family choice, but also by capacity constraints within the borough.

The older people's population is projected to increase across the borough in coming years; it is anticipated that this is likely to result in increased demand for care and support for older people. Initial data from the Lambeth 2021 census shows an increase of 17.7% in the population aged 65+ in Lambeth between the 2011 and 2021 census returns. Latest projections predict that Lambeth's population will age over the next 10 years, with the largest increases in the older population groups aged 65+. We are seeing rising complexity across a wide range of needs (physical, mental health, learning disability); ensuring

sufficient supply of appropriate placements for clients with multiple needs is a key commissioning priority. Office for Health Improvement and Disparities data shows that dementia diagnosis for people aged 65+ is higher in Lambeth (77.2% in 2021) than London (65.6%) and England (61.6%). Local data and social care feedback underlines the need to increase availability of dementia beds (both residential and nursing) and nursing beds to meet emerging needs for Lambeth older people.

Diversity: There is diversity in the Lambeth care home market, though there is higher market concentration amongst Lambeth OP homes in comparison with the overall borough care home market. This means that a smaller number of providers have a larger share of placements within OP homes in comparison with the wider care home market. For the OP market, Lambeth’s two block contracts account for 60% of in-borough OP placements and 39% of all OP placements (including out of borough placements). There are seven providers that run Lambeth’s nine OP homes, with two larger providers operating two homes each. Most of Lambeth’s OP homes are part of larger parent companies operating across multiple boroughs, whereas two are smaller organisations based solely in Lambeth. Eight of nine homes are private sector organisations, and one is a voluntary sector organisation.

Lambeth’s OP homes include one faith-based home and one home with specialism in supporting residents from Asian backgrounds, where all staff speak at least one Asian language as well as English.

Lambeth is a diverse borough, where 63% of residents describe their ethnicity as other than white British. The workforce of Lambeth’s OP care homes reflects the ethnic and cultural diversity of the borough. Demographic analysis of Lambeth care homes in 2021 (sample covering 64% of care home staff) showed that staff were predominantly from Black, Asian and Multi Ethnic backgrounds, particularly Black ethnicities (57%). The data showed that the workforce is mainly staffed by women (78%) and the largest age group is 40-59 (52%) followed by 20-39 (30%).

Quality: Lambeth’s care homes are of good quality overall. Within OP care homes, currently six homes are currently CQC rated ‘Good’ and three are rated ‘Requires Improvement’. 92% of placements commissioned by the local authority in Lambeth OP homes are in homes rated ‘Good’.

Between 2018-2021, three Lambeth care homes ceased trading, of which two were older people’s homes. No new OP care homes entered the market during this period, and as in the rest of London and England, the market was significantly impacted during 2020 and 2021 by the Covid-19 pandemic.

Cost and commissioning model: Lambeth’s improved Better Care Fund (iBCF) rates for residential and nursing care are:

Description	Average 2021/22 external provider fee rate.	Average 2022/23 external provider fee rate.
65+ care home without nursing, £ per resident per week	£656.69	£742.91
65+ care with nursing, £ per resident per week	£741.05	£823.01

The iBCF rates are calculated using a weighted average method, which differs from the median calculation for the cost of care exercise. There are significant limitations presented by the median rate calculation method, as detailed in the [Annex B cost of care report](#). The iBCF rate includes placement rates for out of borough homes, whereas the cost of care

median rate is based solely on Lambeth homes. Additionally, the 2022/23 rates are calculated as an estimate at mid-September; this rate does not include pending uplifts.

Lambeth has spot purchase arrangements in place for seven of nine OP care homes. Under a block contract agreement, Lambeth commissions 185 beds for older people with one provider. This contract covers two care homes and reserves all beds for Lambeth placements in the first instance. Additionally, Lambeth awarded a block contract for 10 beds to another home in November 2021 for short term placements only to support hospital discharge, driven by the increased impact of Covid on acute settings. The evidence suggests there may be an emerging need to increase the number of OP care home beds within Lambeth in the coming years, with a focus on nursing beds and dementia beds (both nursing and residential). To ensure an effective balance of market diversity and stability, this is likely to involve a mixed model of spot purchasing and block contract arrangements.

There is a fixed rate for the Lambeth block contract for 185 beds and the rate was renegotiated in 2019-20 using an open book accounting exercise. All placements in the block contract are made at the agreed price. Pricing for spot purchase placements is dynamic and individually negotiated between providers and the Lambeth Brokerage service for new placements. Existing placements are uplifted by a percentage that is determined each year taking into account affordability.

Lambeth's commissioning arrangements are responsive to inflationary cost increases, as the rates for new spot purchased placements are negotiated individually at the time of the placement rather than at a local authority held price. The council also applies an inflationary increase to existing placements. Through market sustainability surveys for this exercise, Lambeth older people's care homes indicated that inflationary cost pressures pose a significant sustainability challenge for the market at present. We will work with care home providers through the fee setting programme for 2023/24 to agree fee rates which support a sustainable care market within the available funding envelope. Lambeth's proposed approach to fee increases is to ensure that overall fee rates are uplifted, on average, by an amount that will broadly match the cost increase that providers incur from the increase in the National Living Wage. Once the initial offer is made, providers are informed about how they can submit evidence to the council for further consideration if they believe their fee rates are not sustainable

Workforce: Workforce stability is a key challenge for the sector. Existing workforce pressures were sharpened by the Covid-19 pandemic as care homes experienced greater workforce turnover nationally. The workforce impact of Covid-19 vaccination was particularly challenging for Lambeth care homes, where vaccination uptake was relative to both London and England comparators. Some staff exited the sector when vaccination was made a condition of deployment in care homes, and not all staff returned when the regulations were withdrawn.

The Skills for Care Workforce Data Set for 2020-21 estimates that the staff turnover rate in Lambeth across the adult social care sector was 24.5%, slightly below the region average of 27.6% and lower than England, at 29.5%. Relatively few staff were employed on zero-hours contracts: 9% of staff in residential homes and 6% of staff in nursing homes.

Lambeth surveyed older people's care homes in August 2022 on market sustainability issues and workforce challenges to inform this Market Sustainability Plan (six responses received covering eight homes). Half of responses stated that they were not currently fully staffed with care workers, and all homes that confirmed they provided nursing care stated that they did not currently have enough nursing staff. Whilst most providers expressed confidence that they would have enough staff to meet demand for placements over the next

three to five years, short staffing supply is a key pressure for older people's care home providers. In view of rising demand for care, workforce pressures present a significant risk to market sustainability as recruitment and retention of skilled care workers is critical to ensure that the market can meet demand in years to come.

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

Home care is a key component of Lambeth's care and support offer for older people; ensuring sufficient capacity at high quality is a priority for commissioners. Wherever possible, adults are supported to remain at home and the assistance of home care is often vital. The home care market is also key for supporting hospital discharge, via Pathway 1 and for the Discharge to Assess process.

Supply and demand: the home care market in Lambeth is large and diverse. Lambeth currently commissions 61 providers: 35 on the council's Approved Provider List (APL), alongside 26 non-APL providers that are separately commissioned by Lambeth to provide home care packages. Of the providers commissioned by Lambeth, 23 have a registered office within the borough of Lambeth. Additionally, there are 14 providers that have offices in the borough but are not currently commissioned by London Borough of Lambeth. As of March 2023, 98% of Lambeth home care packages are supplied by APL providers, compared with 2% by non-APL providers.

There is currently good capacity in the home care market overall. Lambeth Approved Providers for home care providers operate in line with timeframes for the local Discharge to Assess model.

Between June 2018 and April 2021, five home care providers left the Lambeth market: four of these five providers were on Lambeth's APL, and three of these providers were registered in other boroughs. Most of the providers that exited the market cited that they had ceased trading or that their parent company had stopped providing home care services. In the same period, ten home care providers joined the APL in Lambeth. Overall, the market has shown consistent growth since 2018 and nine new providers are identified as having entered the Lambeth market from the end of 2020/21 to the end of 2021/22.

As the older population ages and care and support needs become increasingly complex (page 1), this trend is reflected in rising demand for support at home. Lambeth's local data illustrates a significant increase (73%) in the numbers of people receiving home care over the ten-year period 2011-12 to 2021-22.

Diversity: Lambeth commissions home care from a large and diverse provider market, predominantly from the private sector and secondarily from the voluntary sector. Alongside standard home care, Lambeth commissions specialist care from organisations skilled in supporting specific client needs. This includes two learning disability providers; one specialist mental health provider; one organisation that specialises in supporting deaf people; and several agencies that also provide healthcare packages for Continuing Healthcare clients.

Additionally, Lambeth commissions home care packages from several organisations with expertise in supporting specific communities. This includes two voluntary sector organisations that offer support to Chinese and South Asian communities respectively, with staff teams equipped with appropriate language skills and knowledge of customs, faith and dietary needs.

Quality: Overall, the quality of home care services available to Lambeth people is good. As of March 2023, 89% of Lambeth home care clients receive support from 'Good' or 'Outstanding' agencies. For home care providers with a registered office in Lambeth, 51% are rated 'Good', 7% are rated 'Requires Improvement' and 42% are 'Not inspected' (including agencies not commissioned by Lambeth), as the CQC reviews and updates their regulatory approach.

Cost and commissioning model: the 2022-23 iBCF rates for home care providers are estimated as £18.01 as at mid-September 2022. As per the guidance for this exercise, the iBCF rates are specified in this document; however, it should be noted that the iBCF rates are based on a weighted average calculation compared to a median rate for the cost of care exercise. There are a number of issues presented by the median calculation method for the exercise, as outlined in the [Annex B Cost of Care report](#).

Lambeth predominantly commissions home care packages via an Approved Provider List contract, with further spot purchasing from providers not on the APL. All staff employed by providers via the APL are contractually required to be paid the London Living Wage. The Lambeth Labour administration set out a manifesto commitment in 2022 for the council to sign up to the UNISON Ethical Care Charter.

The current APL contracts end in January 2025. Lambeth is set to publish the tender for a new home care contract in 2023. Lambeth is preparing to reprocure a new model of delivery for home care designed to better support Lambeth's strategic direction, through a model of delivery aligned with the local model of district nursing neighbourhood teams already operating in the borough. The neighbourhood model will enable Lambeth to work more strategically with providers to understand demand at a locality level and plan and deliver social care accordingly. The driver is to deliver improved joined up health and care in the neighbourhoods where people live.

Workforce We recognise that workforce pressures are a key challenge for Lambeth home care providers, particularly considering the impacts of the Covid-19 pandemic on increasing workforce turnover. Lambeth surveyed home care providers in August 2022 on market sustainability issues and workforce challenges to inform this Market Sustainability Plan (14 responses received). Half of responses stated that they were not currently fully staffed with care workers. The responses highlighted high usage of zero-hours contract staffing – with 50% of responses advising that more than 76% of their staff are employed on zero-hours contracts. Whilst most providers expressed confidence that they would have enough staff to meet demand for placements over the next three to five years, short staffing supply is a key pressure for home care providers. The majority of responses (54%) identified the key challenge as 'Providing an attractive offer for pay, benefits, contractual terms and conditions'.

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

Lambeth is currently preparing to move towards a neighbourhood model for home care, which is described fully under Section 3. This represents a key change for the home care market as Lambeth will move from commissioning care packages across the entire borough via an Approved Provider List to establishing contracts with a core set of neighbourhood providers to take on all care packages in their area. Neighbourhood based working will produce a consolidated market, with stronger place-based partnerships with the neighbourhood providers. This is intended to support workforce development, by supporting improved working conditions for staff with reduced requirement to travel across the borough. Providers will establish closer relationships with local health partners, including neighbourhood nursing

teams, and will be able to reduce staff time spent travelling by consolidating operations to a neighbourhood area. To support market diversity and help ensure sufficient capacity, Lambeth will maintain separate borough-wide commissioning arrangements for specialist home care, including packages for clients receiving specific support with learning disability, mental health and CHC.

Lambeth is also preparing to undertake a recommissioning exercise for care homes in 2023-24. The recommissioning exercise will respond to the review of the Lambeth Joint Strategic Needs Assessment for Older People (set for publication in 2023) in terms of demand, capacity, and specific needs. The exercise is intended to support market development via the award of new contracts, which will likely involve increased usage of block contracting arrangements. Through this exercise, we are seeking to promote market diversity and sustainability.

Following the postponement of adult social care reform to October 2025, we conducted a further market sustainability survey for Lambeth home care and OP care home providers. We asked providers for their views on the impacts of the delay and their feedback did not indicate that charging reform for self-funders was a top priority for providers, who underlined that the key market changes they anticipated are cost of care pressures, rising demand and workforce challenges. There are low numbers of self-funders in Lambeth care homes which means that the impact of the reform – and of its delay – is not likely to be one of the most impactful market changes for Lambeth care home providers. ONS estimates for 2021 to 2022 indicate that approximately 7.5% of Lambeth community care (including home care) clients and 9.7% of Lambeth care home residents are self-funders. Overall, we anticipate that the impact of adult social care reform will be less significant for Lambeth providers in comparison with boroughs with high self-funder populations.

As detailed in Section 1, the older people's population is projected to increase across Lambeth in coming years and consequently, this is expected to present increased demand for care and support for older people. This is particularly relevant to home care providers, as Lambeth prioritises a 'home first' approach to supporting people to live in the community wherever possible. We also recognise that there will be continued need for placements in older people's care homes as the overall OP population grows. We expect to see rising demand for nursing and dementia support particularly, in view of increasing dementia diagnosis rates.

Sustained workforce pressures continue to impact social care providers, including both home care providers and older people's care homes. We surveyed the home care and older people's care home providers in scope for this exercise to ask for their feedback on the key strategic risks for the home care and OP care home markets respectively. Their feedback underlined similar risks across both markets, with current staffing shortages for care and nursing staff. Home care providers expressed challenges concerning recruitment and high usage of staff on zero-hours contracts. Key strategic challenges identified by providers for both markets were recruitment, retention, cost of living and fee rates. Nevertheless, most responses to both the care home and home care surveys expressed confidence in ensuring enough staffing to meet demand for home care packages and care home placements over the next three to five years.

In addition to market changes relating to demand, costs and workforce, providers also highlighted increased use of digital technology as a key priority for the period to October 2025. This was particularly the case for older people's care homes; in a survey which concluded in March 2023, this was identified as the most important market change for the sector. Both home care and older people's care home providers are working to increase effective usage of digital technologies, including Assistive Technology for clients and electronic call monitoring for home care visits. The local authority currently working with care homes to deliver a digital

transformation programme, which will support full digitisation of care records, access to NHS mail and maximising usage of the Urgent Care Planning platform. We have also started engaging with providers to prepare for the 'digital switchover' from the Public Switched Telephone Network to Voice over internet protocol (VoIP), as the national upgrade is set to be completed in 2025.

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

(a) 65+ care homes market

Lambeth commissioners are currently undertaking a market analysis exercise and engaging with Public Health via a refresh of the Joint Strategic Needs Assessment for older people. The insights from this work will inform strategic commissioning intentions, as the local authority intends to embark on a recommissioning initiative for care homes in 2024. The recommissioning will focus on market sustainability and value for money, responding to the insights of the JSNA and other key market intelligence.

Early intervention and prevention is a key focus for Lambeth, with a range of initiatives underway to support older people to live as independently as possible. This includes development of the borough's Extra Care housing offer, with new contracts starting from April 2023, as part of the pathway for older people requiring residential care and support.

Lambeth's Better Care Fund (BCF) reflects the collaborative relationships established by adult social care and integrated commissioning with health and voluntary sector providers in supporting person-centred care. Current priorities are improving discharge from hospital to the community and continued development of the alliance approach to a localised community response to need, with a focus on addressing inequalities. We will continue to support the ongoing development of Lambeth integrated Intermediate Care service, which includes hospital at home and urgent response to support early and streamlined. We will also continue to explore opportunities to commission interventions to support discharge, building on recent initiatives to commission additional short term D2A beds in care homes.

Lambeth is working with care homes to support innovation and digital transformation. Local priorities include the expansion of the borough's Multi Disciplinary Team for care homes, in partnership with Guy's and St Thomas' Trust. The expansion of the MDT will provide standardised wrap-around clinical support across all Lambeth care homes. The learning from this initiative is intended to help inform the exercise to recommission new Lambeth care home contracts in 2024.

Lambeth and South East London boroughs engaged with the London region in sharing approaches whilst conducting the cost of care exercise, as facilitated by London ADASS. South East London sub-regional boroughs worked collaboratively on the cost of care exercise for both care homes and home care; there have been regular information sharing meetings to explore the risks and issues impacting market sustainability across the sub-region and to share learning and best practice on methodologies used in completing this task, including some cross borough cost of care market engagement activities to support providers with the exercise. The cost of care analytical work and Market Sustainability Plans were developed locally to suit local needs of each borough; there is now a sub-regional agreement to build on the understanding developed via the cost of care work in future to support the care market as a sub region. This will include work to refresh Market Position Statements from 2023 to fully analyse local care and support markets and to inform commissioning intentions to best meet the needs of older people locally.

In 2022-23, Lambeth used funding from the Market Sustainability and Improvement Fund to allocate grants to care homes to support market sustainability in view of cost pressures in the 2022-23 financial year. Lambeth currently awaits the final guidance on the Market Sustainability and Improvement Fund and the full grant conditions to enable planning for funding in the period from April 2023 onwards.

(b) 18+ domiciliary care market

Lambeth is preparing to commission a new home care contract model via a procurement process in 2023, which will implement a neighbourhood model for the home care market. This model is planned to be implemented in 2025 following an extended mobilisation period. Considerable work has been conducted since 2019 to engage with providers in the development of the neighbourhood model. It is anticipated that the new model will move to delivery on a neighbourhood basis with a single home care provider within each neighbourhood. 'Specialist' home care will continue to be provided on a borough-wide basis. A pilot is underway during the 2022/23 financial year to test out the model on a small scale and refine the model before the final recommission exercise.

The model will facilitate homecare and nursing providers working in an integrated way to provide a more joined-up service to people within their neighbourhoods. The model is aspirational, and it is planned that over time the new health and social care neighbourhood teams will work together to joint outcomes. The neighbourhood teams are also expected to work with other assets within their areas such as community and voluntary sector organisations to further enhance the outcomes they can achieve. People in each neighbourhood will have an array of support and services they can tap into if needed. These will feel joined up and easy to access, navigate and connect with. The aim is that there will not be any delays and there will be minimal referrals on to other teams as everyone will be working in a co-ordinated and people focused way.

The model is intended to provide stability and help reduce the need for extensive travel across the borough between care visits and improve working conditions for carers. The neighbourhood approach will consolidate local markets and help streamline referral of new care packages to be supported. The intended outcome is to significantly reduce the use of spot purchasing and work more strategically with providers to plan for and meet demand at locality level.

In 2022/23, Lambeth allocated a proportion of the funding from the Market Sustainability and Improvement Fund to home care and extra care providers to support staff retention. The rationale for this approach was to help address the significant workforce pressures that we recognise impact the Lambeth home care market, as evidenced through provider engagement for this exercise. Lambeth is committed to fully adopting the Ethical Care Charter for home care and is planning to support home care providers towards compliance with the Ethical Care Charter. Lambeth currently awaits the final guidance on the Market Sustainability and Improvement Fund and the full grant conditions to enable planning for funding in the period from April 2023 onwards.

As outlined in Section 3 (a), the completion of the cost of care exercise has been informed by collaboration with London and South East London boroughs and further joint working will address sub-regional market sustainability issues moving forward.