

CABINET MEMBER FOR ADULT SOCIAL CARE

19 SEPTEMBER 2017

CARE HOME FEE REVIEW 2017/18

Report by Lead for Quality & Contracts

Introduction

1. Care home services form an important part of Oxfordshire's overall adult social care provision. Oxfordshire County Council purchases around one third of the care home beds in the county. The rest are occupied by people who privately fund their own care or funded by health bodies including Oxford University Hospitals Foundation Trust.
2. Oxfordshire County Council uses target banding rates as the basis for agreeing the prices paid to care homes for each service user. However, the agreed rate in each case must also reflect the needs of the specific service user and will often be higher than the target rate as a result.
3. The target rates used by the Council are reviewed on an annual basis and are informed by a consultation with care home providers and other interested parties. As well as local factors, the rates must take account of the National Living Wage. This rose from £7.20 per hour to £7.50 per hour for people aged over 25 from 1 April 2017. Through the target banding rates, the Council seeks to support providers to remain in the market, to increase pay rates and improve the level of recruitment and retention in the social care workforce.
4. This report summarises the review that has been undertaken for 2017/18 including recommendations made as a result.

Proposed Target Banding Rates for 2017/18

5. Oxfordshire County Council uses the Association of Directors of Adult Social Services (ADASS) cost model to calculate target banding rates. The 2016-/17 cost model assumed a rate of £7.58 per hour for care workers, based on a sample of local advertisements, and £7.20 per hour for domestic staff with allowances for other direct non-pay costs and overheads, plus an element of assumed profit.

6. To generate the proposed Target Banding Rates for 2017/18, the ADASS model has been updated to reflect the increase of £0.30 per hour in the National Living Wage from April 2017. This resulted in three options:

- i) Update the target banding rates to reflect the level required to fund the National Living Wage for all workers. This means there is no change to the rate for care workers since this is already above the level required to fund the national living wage. This option increases the rate for domestic staff from £7.20 per hour to £7.50 per hour to reflect the obligations to pay the National Living Wage.

Service	Care Band	Target Banding Rate
Residential Care Home (Care without nursing)	Social care - Extensive Specialist	£499 per week
Nursing Care Home (Care with Nursing)	Social Care – Extensive	£656 per week
	Social Care – Specialist	£732 per week
NB: The figures quoted above include the single rate Funded Nursing Care and incontinence payments		

- ii) Update the target banding rates to reflect pay rates evidenced by local advertisements (sampled in January 2017) for care home staff adjusted for the increase of £0.30 per hour from April 2017.

Service	Care Band	Target Banding Rate
Residential Care Home (Care without nursing)	Social care - Extensive Specialist	£511 per week
Nursing Care Home (Care with Nursing)	Social Care – Extensive	£667 per week
	Social Care – Specialist	£745 per week
NB: The figures quoted above include the single rate Funded Nursing Care and incontinence payments		

- iii) Update the Target Banding Rates to reflect the Skills for Care rate of £7.87 per hour (as at January 2017) adjusted for the increase of £0.30 per hour from April 2017.

Service	Care Band	Target Banding Rate
Residential Care Home (Care without nursing)	Social care - Extensive Specialist	£515 per week
Nursing Care Home (Care with Nursing)	Social Care – Extensive	£671 per week
	Social Care – Specialist	£750 per week
NB: The figures quoted above include the single rate Funded Nursing Care and incontinence payments		

7. As part of the consultation, option 3 was stated as the Council's preferred option as this is consistent with both the Skills for Care rate and with pay rates evidenced in local advertisements. It is also assessed to be affordable for the Council within the funding available. The use of the model to uplift the rates means the additional funding is focussed on individual placements funded at the lowest level to bring those up to the new target level.

Consultation

8. A consultation was launched on Oxfordshire County Council's intranet page on 6 February 2017 and this ran until 6 March 2017. Care home providers were notified by email on two separate occasions that this consultation was available and encouraged to submit a response. Oxfordshire Care Home Association and Oxfordshire Association of Care Providers were also contacted to make them aware of the consultation.
9. Care home providers were invited to submit their own costs for providing care using the ADASS cost model to enable comparison between the ADASS model and actual costs in the Oxfordshire care market. Care home providers were also invited to meet with Council officers if they wished to discuss the Council's proposals or share more information about their own cost pressures.
10. The Council received the following response to the consultation
 - (a) Online responses including cost breakdown: 1
 - (b) Written responses excluding cost breakdown: 3
 - (c) Meetings between Council officers and care home providers: 3
 - (d) Oxfordshire Care Homes Association submitted a written response.
 - (e) No response was received from Oxfordshire Association of Care Providers.
11. In addition, the Council has received a number of letters from care home providers regarding fee reviews for 2017/18, including specific correspondence regarding named service users. Responses to these letters have been dealt with on a case by case basis, and may include taking into account the changing needs of named service users as well as general cost pressures

Considerations raised following the consultation process

12. The 2017/18 consultation process has generated a low response; this is in common with previous years' consultations. The low number of responses does not provide sufficient information to suggest that the Council's proposals are inaccurate or that the Council should consider substantial increases to the sector.

13. Comments received as part of the consultation process are summarised in table 1 below

Table 1

Comment	Response
a) Staff turnover is high and it is becoming more difficult to recruit and retain staff. Recruitment is expensive in both time and money and puts financial pressure on the home, reliant on the EU labour market.	Costs of recruitment are accounted for within the ADASS model. The Council recognises our obligation under the Care Act to allow providers to meet their statutory obligation to meet the National Living Wage. Therefore, the ADASS model has been updated to reflect rates of pay advertised in Oxfordshire in January 2017 and the £0.30 per hour National Living Wage increase with effect from April 2017.
b) Senior carers and activity staff are not taken into account in the Council's proposals.	The Council's proposals follow the ADASS model guidelines.
c) The following nursing costs are not covered by the Funded Nursing Care Payment: <ul style="list-style-type: none"> - Non pay training costs - Equipment - Disposables 	The NHS makes a contribution towards the nursing costs of a place in a care home with nursing. This funding level is set nationally and the Council has no control over this. The Funded Nursing Care payment has increased from £112.00 (standard rate) per week in 2015/16 and 2016/17 to £155.05 per week in 2017/18.
d) The ADASS model does not account sufficiently for management / administration / reception staff.	Insufficient information has been provided from the Oxfordshire care home market to suggest that this is inadequate.
e) The cost of land is not considered, only the cost of building.	The Council does not encourage new growth in the care home market only the support of existing homes.
f) The ADASS model does not include an allowance for unsociable hours, eg bank holidays, night work, weekends.	The Council does not have information about the terms and conditions in place within Oxfordshire care homes in order to base any assumption regarding this on.
g) The Council should apply inflation to all current placements as all placements are subject to annual costs pressures.	The target banding rates have been altered to reflect cost pressures and allow for fees to be negotiated / altered to reflect changes in service users' individual needs.
h) Time allocated for the laundry / cleaning / catering staff is too low.	This comment was received from one home where costs may be affected by the specific layout of the home and needs of the residents. The Council has insufficient information on which to base any changes to this element of the model.

14. Oxfordshire Care Homes Association submitted a response to the Council's consultation. This included a commentary on the assumptions with the ADASS model. Whilst the Oxfordshire Care Home Association welcomed the proposed increase to the Target Banding rates, the following comments were received and are summarised in table 2 below:

Table 2

Comment	Response
a) The amount included in the ADASS model for staff; utilities; food; repairs and maintenance; non - food supplies rentals and corporate overheads; depreciation; and profit are insufficient. These comments in the response from Oxfordshire Care Homes Association are based on actual costs in a non for profit home in the year to 31 March 2016.	The Council undertook the consultation in order to test whether the assumptions in the ADASS model represent Oxfordshire.
b) The Council's Target Banding Rates will put downward pressure on the standard of care provider and will eventually lead to provider failure.	There is no evidence that this is occurring. Oxfordshire continues to see a net increase in the number of beds within the county with more new developments currently planned and underway.
c) The Council receives a low response to Target Banding Rate fee consultations because the ADASS cost model is discredited.	It is correct that there is historically a limited response to this consultation;. The ADASS model is a nationally recognised model and previous consultation reports have given a detailed explanation of the Council's choice to use this model.
d) The practise of not increasing fees for individuals who are above the target banding rates should be reviewed.	See response 'g' in Table 1 above.
e) Care homes incur nursing costs which are not covered by Funded Nursing Care.	See response 'c' in Table 1 above.
f) The Council should allocate money from the social care precept to fund increased fees in care homes.	Additional funding available to the council for Adult Social Care will be used to support the proposed increase in the target banding rate.
g) Increased fees to care homes would alleviate social care problems in Oxfordshire including care home closures and pressures regarding hospital discharges.	Oxfordshire continues to see a net increase in care home beds, the county has not experienced difficulties with care home closures and home closures are not a factor in relation to hospital discharge pressures.

15. In summary, it is unclear why care home providers did not provide a response to the consultation. Many of the responses that were received were submitted after the consultation closed on 6th March 2017. The Council supported providers who wished to submit responses after this date in order to give all that wished to respond had the opportunity to do so.
16. The providers that met with the Council raised differing cost pressures and had differing levels of residents who fund their own care and who are funded by the Council. The range of feedback from these providers supports the Council's view that any model used to establish the cost of care can only be aid to discussion, as there are legitimate local factors and workforce issues that will affect each provider. The fee paid in each case must also reflect the specific needs of the resident as well as the target rate.
17. Following the consultation process, the Council concludes that Option 3 remains the preferred option. The revised basic wage rate used in the calculation is £8.17 per hour; this has been compared to local advertisements for care staff and the Skills for Care rate in January 2017. £8.17 per hour rate exceeds both the National Living wage rate of £7.50 per hour and the Skills for Care rate.
18. Where a care home is experiencing particular hardship of financial problems the council will review their financial standing as part of our Safeguarding and Business Continuity strategies to determine appropriate action.
19. The council reaffirms its view that care homes in Oxfordshire have an important role to meet the needs of vulnerable adults. We also recognise that the Council has an important role to ensure that there is sufficient capacity within the social care market to meet its future commissioning requirements.

Financial & staff implications

20. The estimated on-going annual cost of implementing Option 3 and to bring all current packages for care home placements up to the rates in Option 3 is £0.5m. That is affordable within the budget for Adult Social Care that was agreed by the Council in February 2017 and additional funding provided through the improved Better Care Fund (iBCF) notified to the council by central government since then.

Equalities Implications

21. It is felt that there will be limited impact from the recommended outcome due to the way that the current care home market is performing and the new service developments that are planned or taking place.

22. A Service Community Impact Assessment (SCIA) has been developed and will be available for consideration as part of the decision making process. A copy is attached at Annex 1.

RECOMMENDATION

23. The Cabinet Member for Adult Social Care is **RECOMMENDED** to revise our Target Banding Rate from April 2017: and
- (a) increase the Target Banding Rate for the residential – extensive specialist category to £515 per week for new placements;
 - (b) increase all existing weekly residential payment rates that are currently paid below £515 per week to £515 per week;
 - (c) increase the Nursing – Extensive Target Banding Rate to £671 per week for new placements;
 - (d) increase all existing Nursing – Extensive placements that are currently below £671 per week to £671 per week;
 - (e) increase the Nursing – Specialist Target Banding Rate to £750 per week;
 - (f) increase all existing Nursing – Specialist placements that are currently below £750 per week to £750 per week;
 - (g) continue to use these rates as a guide to secure care home placements at a funding level as close to the Target Banding Rates as possible; and
 - (h) the above to apply from April 2017 and for care home placements in Oxfordshire.

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Background papers: None

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