

Division(s): N/A

PERFORMANCE SCRUTINY COMMITTEE – 9 JULY 2020

HEMECARE BUDGETS

Report by Corporate Director of Adult and Housing Services

RECOMMENDATION

1. The Committee is recommended to note and discuss the report.

Executive Summary

2. Homecare is a key service which helps people to live well at home, and forms part of the Council's care and support offer for people with an assessed eligible need. It is also purchased privately by people who fund their own care.
3. Spend on homecare forms a significant part of the Adult Social Care budget, this is a potentially growing area due to ageing demography in the County and associated increasing acuity of need.
4. Oxfordshire is recognised as a high payer for homecare relative to neighbouring and regional comparators, this position is described further in this paper including our thinking regarding contributory factors.
5. Significant work is underway to address this position and to deliver a sustainable commercial model for homecare contracting in the future. This forms part of the Adult Social Care vision for a strength-based approach in working with communities and provider partners.

Homecare provision in Oxfordshire

6. The provision of care in a person's own home enables them to stay well and independent and it can prevent admissions to care homes. It can support pressures in the NHS by providing care to avoid admission and to facilitate discharge from hospital.
7. Activities that are classed as homecare can include; help to wash, dress, prepare and eat meals, take medication and carry out day-to-day activities.
8. The Council has a statutory duty under the Care Act 2014 to provide care and support for people at home, following an assessment of eligible needs. The Care Act also places a duty on the Council to maintain an efficient and

PSC8

effective care market for the population of Oxfordshire. This duty includes people who fund their own care.

9. The Council has a range of commercial contracts in place to ensure the delivery of care to people. These are described further in section 4 of this report.
10. In 2019-20 the Council commissioned 1,082,863 hours of homecare for a total of 3,263 people over the course of the year.
11. Oxfordshire's 2019 Market Position Statement noted:

“Between 2015 and 2030, the number of people in Oxfordshire aged 85 and over is expected to increase by 95%. We are also experiencing a higher demand for services than you would expect from the demography. Given the forecasted increase in the number of people aged over 65, if we were to provide the same proportion of homecare as now – the amount of homecare would need to increase by 55%. We also know that more people are likely to need care in the future. Recent trend analysis show that the amount of care people need in the last year of their life has doubled in the last 20 years. People are living longer, but the amount of unhealthy years is increasing.”
12. Providers in Oxfordshire provide a high quality of care, as of June 1st, 2020 95% of homecare providers are rated by the Care Quality Commission as good or outstanding. That compares with 87% nationally.
13. The Council also funds short term rehabilitation and reablement services for people who are fit to be discharged from hospital, but who it is judged may benefit from short term support in their own homes. This reablement service is available to anyone meeting assessment criteria who elects to receive care.
14. Reablement services are provided through a contract with Oxford University Hospitals Foundation Trust's Home Assessment and Reablement Team (HART). This contract is jointly funded and managed with Oxfordshire Clinical Commissioning Group. In 2019-20 the reablement service supported 2,366 people with a reablement episode and 788 people with on-going homecare once their reablement was complete before they were moved to a long-term agency. This was an overall cost of £1.92m; £1.09m of which was funded from the Council's contribution to the Better Care Fund Pooled Budget.
15. In some cases, the Council meets people's needs via Direct Payments. People may choose to use their Direct Payment to purchase homecare and therefore the Council is indirectly funding homecare in addition to that which is directly contracted. In 2019-20 there were 1,827 people who received an on-going direct payment at a total cost of £16.4 million per annum (not including LD), though much of this will not be on traditional homecare.

Homecare budget and pricing in Oxfordshire

PSC8

16. The Council's total spend on commissioned homecare in 2019-20 was £25.9 million. This includes all long-term homecare purchased from the older people's budget.
17. This care is commissioned via a range of commercial contracts with independent providers. A breakdown of this spend is shown in Table 1 below and is explained as follows:
- The Council contracts with 8 main homecare providers under the Help to Live at Home Framework. This framework began in 2016 with the intention of delivering strategic partnerships and lead provider arrangements with Oxfordshire's main providers. Help to Live at Home providers have first refusal on care packages and 34% of care is delivered by these providers.
 - In addition, there are a further 49 providers on the Council's approved provider list. The approved provider list operates slightly differently to the Help To Live at Home Framework in that these providers have no contractual capacity delivery requirements.
 - Finally, the Council contracts for some homecare on a 'spot' (individual) basis. In most cases this is due to specific individual needs; access to capacity; or the need to make arrangements on an urgent basis.

Table 1: Council spend shown by commissioned arrangement.

Contract type	Commissioned weekly Hours	Average hourly cost	Number of Service users (snapshot)	Annual cost
Help to Live At Home Framework	6,322.5	£25.33	587	£8.3m
Approved provider list	11,235.5	£24.19	952	£14.1m
Spot	863	£24.03	80	£1.04m
Total	18,421		1,619 (please note this does not include Learning Disabilities or contingency numbers)	

18. The range of commercial arrangements that are in place result from a market strategy of encouraging new entrants into the homecare market. Historically this has encouraged competition and enabled the market to grow. However, in recent years the amount of care the council is able to purchase has not increased. This indicates that the homecare market is plateauing and whilst

PSC8

the Council's demand for care linked with demographic pressures continues to increase, the market is not consistently able to respond to this.

19. When new entrants join the market, the Council establishes the price to be paid with the provider based on market conditions at the time. This strategy has resulted in the wide range of rates currently being paid.
20. The average hourly rate being paid by the Council for homecare is currently £24.08 per hour (across all contractual arrangements.) Based on 2018-19 figures (the latest published data available) Oxfordshire's figure of £24.08 per hour was the joint highest in the country – alongside Bath & North East Somerset. The average rate in the South East is £18.85 and the national figure £16.68. (National comparator rates show comparisons across externally commissioned homecare and do not take into account costs of in-house service delivery, which forms a higher proportion of homecare delivery in some authorities.)
21. The UK Homecare Association produces annual figures regarding their assessment of the fair minimum price for homecare. This is based on the composition of different cost elements faced by providers and recommends an hourly rate of £20.69 for 2020-21, shown in Table 2 below. This is a national rate, whilst the rate recommended for London is £25.11 per hour which includes an allowance to meet the London Living Wage.
22. The UK Homecare Association recommends these rates as the minimum price to be paid, with local variations based on local market factors. The table below illustrates the associated costs that have been used to calculate the minimum hourly rate.

Table 2: UK Homecare Association fair price for homecare¹

Careworkers' contact time	£8.72	42.1%
Careworkers' travel time	£1.70	8.2%
NI & pension contributions	£1.14	5.5%
Other wage on-costs	£1.97	9.5%
Mileage costs reimbursed	£1.36	6.6%
Running the business	£5.20	25.1%
Profit or surplus	£0.60	2.9%
Minimum hourly price	£20.69	

23. It is clear from the national comparisons that Oxfordshire pays a higher price for homecare than other authorities. However, in our ongoing conversations

¹ ["A Minimum Price for Homecare \(April 2020 to March 2021\)" UKHCA](http://www.ukhca.co.uk)
www.ukhca.co.uk

PSC8

with homecare providers they tell us about the ongoing cost pressures they face. We believe additional contributory reasons for higher costs in Oxfordshire include:

- Workforce: Health & social care providers in Oxfordshire report significant difficulties in recruiting sufficient numbers of care workers, we also know that there is a high turnover of staff within the homecare sector. Workforce challenges are linked to the low levels of unemployment in Oxfordshire and relative economic buoyancy bringing employment opportunities in other sectors. Also, Oxfordshire is one of the least affordable places in the country to live. In 2017 Oxford itself is the most expensive city in England to buy a house and the third most expensive place to rent. Lack of affordable housing is a major issue in recruitment and retention of staff which is reflected in 'Home Truths 2017/18', a report produced by the National Housing Federation that provides local data on the housing market in the South East.
- Self-funders: We estimate that the Council purchases approximately half of the homecare in Oxfordshire, the majority of the remainder is purchased by people who fund their own care. Given the relative wealth of most of Oxfordshire, it is likely that this results in higher rates being paid by people funding their own care, which in turn influence the Council's rates.
- Commercial strategy: Historically the Council has focused on a strategy of encouraging new entrants into the market which has led variations in rates. In future models more work is proposed to manage the price of new entrants entering the market on a block contract basis. We are also developing market solutions to reduce the use of spot (individual) contracts which tend to have higher hourly rates.

Reshaping the homecare market

24. It is clear that, given our challenges, we need to reshape the way we work with our care providers. This is in part due to a period of fragility within the homecare market experienced over recent years with providers exiting the market in an unplanned way. In these situations, the Council has a duty to make urgent arrangements to support people's ongoing care needs.
25. To address concerns regarding sustainability and secure future commercial arrangements, the Homecare 2021 project has been created to develop a new partnership model and business offer for homecare provision. We need to do things differently, including improving how we work in partnership to address the opportunities and challenges within the sector.
26. This is a significant opportunity to co-design a new homecare model and contract offer. We are working collaboratively with key stakeholders to achieve positive outcomes for Oxfordshire. Working together, we are building a new model that:

PSC8

- Focuses on promoting independence
 - Delivers a stronger partnership approach with Providers
 - Utilises system wide capacity effectively and improves flow across health and social care
 - Has a stronger focus on outcomes for people who are receiving care
 - Delivers value for money, is financially sustainable and provides opportunities for the workforce
 - Has co-production with key stakeholders at its heart.
27. The resulting commercial model will focus on strategic relationships with key homecare provider partners. Oxfordshire will comprise homecare zones, each based on the forecast homecare business in the zone, thus enabling providers to build the most efficient business model, supported by scheduling software to minimise staff travel time.
28. It is intended that Homecare 2021 will facilitate the co-design of a commercial model that works for both the Council and providers, however the price paid for care remains a challenging area of debate. The Council considers our rates to be fair, on the basis that they are in excess of the UK Homecare Association minimum rates and most rates paid nationally. However, homecare providers state that local cost pressures – predominantly wage costs – justify the higher rates locally.
29. To move this conversation forward, and to allow all factors to be considered fairly, the Council is completing a Fair Cost of Care exercise. This will be carried out by a third-party organisation to ensure autonomy and it will consider the true costs of care delivery through an open book approach with care providers. This will enable the Council to consider all costs pressures, and whether these pressures affect Oxfordshire disproportionately.
30. We are committed to ensuring that whatever hourly rate is agreed, that an appropriate amount reaches staff. We will work with colleagues in legal services and procurement to explore potential additions to the tender documents to ensure care workers receive a fair wage.
31. Alongside these commercial measures, the Council is also implementing a strengths-based approach to working with people and communities. This will ensure that, when working with the individual to design a plan which meets their needs, we will look at their strengths, both personal and in their community before looking at formal care services. This will lead to support plans which contain more community and technology-based services and fewer formal care services such as homecare.

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