**Residential and Nursing Beds Commissioning Arrangements**

**Have your say on**

**the review of Rates for Commissioning**

**of Residential and Nursing Beds**

**Public Consultation**

**18th March 2019 to 26th April 2019**

**About this consultation:**

|  |  |
| --- | --- |
| Topic of this consultation: | This consultation document seeks views on the review of the published rates for residential and nursing beds funded by Shropshire Local Authority. The document:**1. Outlines the commissioning policy direction to create a sustainable market place****2. Sets out a proposed model and rates for the purposes of the consultation to seek views on the review of the currently published rates** |
| Scope of this consultation: | We are seeking views of all parties with an interest in the prices we pay for beds so that relevant views and evidence can be considered in deciding the best way forward. |
| Geography: | These proposals relate to the administrative area of Shropshire Council. |
| Impact assessment: | The Proposed review of Residential and Nursing Bed Rates consultation document has been subject to an Equality and Social Inclusion Impact Assessment (ESIIA). The report of this assessments is available on the Council’s website. |
| Duration: | This consultation will run from 18th March 2019 and will conclude on 26th April 2019. |
| After the consultation: | We plan to issue a summary of responses on the Council’s website after the closing date of the consultation. Following analysis of feedback, the findings will be submitted to Cabinet in July 2019.  |

**Foreword**

**Councillor Lee Chapman**

Cabinet Member for Health and Adult Social Care

Our transformed adult social work model is based upon a clear set of principles that includes maximising the use of resources and developing resilient communities.

Shropshire Council believes that creating and maintaining a sustainable and vibrant market place that offers real choice for individuals who need residential and nursing care is vital in Shropshire.

We also want to facilitate key partnerships with local communities and work collaboratively with our partners to provide high standards in care to meet the care needs of our residents.

Our current arrangements for commissioning of residential and nursing beds is being reviewed to ensure that we can meet the evolving needs of our population. This is during a time of significant change in the way that public services are funded, commissioned and delivered. We need to work with our provider market to ensure that the way we commission residential and nursing care is fair, supports a sustainable market and allows the Council to demonstrate value for money.

The scale of pressures for the county, including an aging population and downward funding from central government means that we need to do things differently to make a permanent improvement for our residents and communities.

We are suggesting a new approach for commissioning and funding of Local Authority funded beds in residential and nursing care homes.

This is the beginning of the review and starts with a consultation on the review of the rates used for the commissioning of beds in residential and nursing homes.

We hope you will share your views.

Lee Chapman

**We want your views**

This consultation is the first stage in a review of our commissioning arrangements for residential and nursing beds. Your feedback on this consultation will help us provide transparency and equity to our support our review and will ensure we can continue to provide a vibrant and resilient market place.

**Review of published rates for commissioning of beds**

We are proposing to review the rates currently published for the commissioning of residential and nursing beds to support the development of a vibrant and resilient market place by:

* Creating transparency, equity and fairness in the prices we pay for provision.

**Setting the scene**

Shropshire is a fantastic place in which to live, work and visit, with a clean and beautiful natural environment, communities who look out for each other, whether in our rural areas or within one of our historic market towns. The quality of life rightly brings people here, and makes people want to stay. Around 35% of Shropshire’s population lives in villages, hamlets and dwellings dispersed throughout the countryside. The remainder live in one of the 17 market towns and key centres of varying size, including Ludlow in the south and Oswestry in the north, or in Shrewsbury, the central county town.

**Our challenges and why changes are needed**

Shropshire’s green and scenic environment helps to contribute to healthy lifestyles.

However, there are logistical challenges in commissioning and providing services over such a large, rural geography. The population of around 310,000 is itself so spread out, across a terrain covering 319,736 hectares, that the Office for National Statistics (ONS) describes us as having less than one person per hectare (Source: ONS mid-year estimates 2014).

There is reduced funding in the public sector and funding of councils within England.

This does not recognise the higher costs of service delivery in rural areas and creates pressure on how we can afford to continue to deliver services where they are needed and ensure that we ourselves demonstrate fairness in how we do so.

The demand for Adult Social Care rises each year as people are living longer and there are more people living with complex and long-term conditions. Shropshire has a higher proportion of older persons when compared with both the West Midlands region and England. In 2015, it was estimated that 23% of Shropshire’s population was aged 65+ and this compares with a West Midlands and England figure of 18% (ONS Mid-Year Population Estimates 2015, Crown Copyright, 2011). The estimates generate challenges for commissioners and providers of social care services.

The challenging financial situation which is reflected across the public sector, means that we must find ways to ensure that we operate as efficiently as we can.

Ensuring that the Council can be sustainable over the coming years and can respond positively to changes to the way that the Council is funded, requires us to be more flexible and able to change direction at pace.

We will need to make decisions based on a good and clear understanding of the level of demand and needs of local people, communities and businesses, and what works to meet those needs.

Achieving this is highly complex; the county is rural and there is continuing pressure for all public-sector partners around funding. That’s why we’re working together to design a new way of working that will ensure that we can maximise the impact of the resources available.

**Market shaping and commissioning**

The Local Authority is required by the Care Act 2014 to ensure it has a sustainable and vibrant market place. It is also required to commission services which will meet the current and future residential and nursing care needs for the citizens of Shropshire.

In November 2017, the Competition and Markets Authority’s (CMA’s) market study into residential and nursing care homes for older people reviewed arrangements. The findings of the study outlined the need for the market to support the state’s intention to ensure that all those who have care needs have them met. This requires the industry to be sustainable, so that efficient care home providers can continue to operate and meet future needs.

**Shropshire’s vision for commissioning of adult services**

The Shropshire Vision and Strategy for Adult Social Care 2018/19 – 2020/21 sets out the role of the Council in continuing to arrange and deliver Adult Social Care Services to enable residents to have access to good quality care services. One of our priorities is to meet needs through approaches that provide value for money and market development.

**Current population and projections**

The Shropshire Council Market Position Statement 2018-19 tells us that:

* In 2017, 24% of the Shropshire population were estimated to be aged over 65. By 2020 it is predicted this will have increased to 25% and to 27% by 2025.
* In 2017 it is estimated there were 10,050 people in Shropshire aged 85 and over. This is expected to increase to 13,500 by 2025 (an increase of 34%).
* It is anticipated that by 2025 there will have been an increase of 23% in the number of individuals aged 65 and over who are unable to manage at least one self-care activity on their own. In 2017 there were estimated to be 30,597 individuals who struggled with one of these activities, by 2025 it is anticipated that this figure will be 37,736.
* During 2017 it is estimated that 30,597 individuals aged over 65 were unable to manage at least one domestic task on their own. This is 40% of the total population aged over 65. The number of those aged 65 and over who are unable to manage at least one domestic task on their own is expected to increase by nearly 8% by 2020.

Data Source: Office for National Statistics, Subnational Population Projections (SNPP) 2014 and [www.pansi.org.uk](http://www.pansi.org.uk)

The Shropshire Council Older People Profile Report 2018 also sets out details of the population in Shropshire along with estimated projections. The report explores some of the factors which may influence the demand for provision in Shropshire.

According to the Office for National Statistics 2014 Sub-National Population Projections:

* Shropshire is expected to see a 50% increase in the older person population with the total number of people aged 65 and over projected to grow from 74,029 in 2016 to 110,926 in 2036. This projected increase is slightly higher than that expected for England (49%) and the West Midlands (42%).
* By 2036, it is predicted that 33% of Shropshire’s population will be aged 65 or over, this compares to a figure of 24% for both England and the West Midlands.
* The largest growth is found in the age 85+ population which is set to increase from 9,800 persons in 2016 for 23,000 persons in 2036 (136%) and this compares to an increase of 110% in the West Midlands and 122% in England.
* Life Expectancy (at age 65 years and 85 years) has increased for both male and females during the period 2000 to 2014. The age for males has increased from 81.3 years to 84.2 years, a 4% increase and the age for females has increased by 3% from 84.5 years to 86.8 years of age in 2012/14. This compares to England figures of 83.8 years for males and 86.2 years for females.

Data Source: SNPP 2014, Office for National Statistics, Crown Copyright 2017.

The report also sets out analysis of the Sub-National Household Projections (2014) published by the Office for National Statistics and projections prepared by Shropshire Council based on Mid-Year Estimates 2014 and shows:

* An increase in the number of people aged 65+ living alone of 7,856.
* There are similar increases in the 65-74 age range and both show a decrease in the one-person female households. Increased male life expectancy will have had some impact on the number of one-person female households.

The projecting Older People Population Information System tells us that the number of people with dementia or mobility issues which result in them being unable to manage at least one activity on their own is expected to rise significantly with the increase in the elderly population. Between 2017 and 2035 the number of people aged 65+ with dementia is expected to increase by 80%.

Overlapping with both the number of older persons and analysis of dementia and mobility problems, will be levels of disability generally.

It is also likely that the age profile of the area will impact upon the numbers of people with a long-term health problem of disability (LTHPD) and the proportions of households where at least one person has a LTHPD.

* 26% of households contain someone with a LTHPD which is in line with that of the West Midlands and England.
* 83.2% of people aged 85 and over have a LTHPD.
* The percentage for all ages shows that Shropshire is very slightly higher than the England percentage although slightly lower than the West Midlands (these figures exclude people living in communal establishments).
* It is estimated that the number of people with a LTHPD will increase by around 6,300 (an 11% increase) by 2036.

Analysis of the tenure of Older Persons Households shows that projects of the older population are expected to rise in the future and that the number of single person households is expected to increase. If occupancy patterns remain the same, then it could suggest that there will be demand for an increase in the amount of affordable housing available.

Data Source: Census 2011, Office for National Statistics, Crown Copyright 2017

The Census of 2011 illustrates the percentage of older persons living in residential and nursing homes.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Establishment Type** | **Resident:****Age 65 to 74** | **Resident:****Aged 75 to 84** | **Resident:****Aged 85 and over** | **Total Age 65 plus** |
| Local Authority: Care home with nursing | 3 | 15 | 16 | 34 |
| Local Authority: Care home without nursing | 7 | 13 | 26 | 46 |
| **Total Local Authority: Care home with or without nursing** | **0.03%** | **0.14%** | **0.50%** | **0.1%** |
| Non Local Authority: Care home with nursing | 97 | 294 | 538 | 929 |
| Non Local Authority: Care home without nursing | 135 | 356 | 814 | 1305 |
| **Total Other: Care home with or without nursing** | **0.7%** | **3.1%** | **16.1%** | **3.5%** |
| Total in care home ((Local Authority & Non Local Authority | 242 | 678 | 1394 | 2314 |
| **% of population by age group in Care Home** | **1%** | **3%** | **17%** | **3.7%** |

Data source: Census 2011, ONS Copyright 2017

Data taken from POPPI tells us the number of people estimated to be living in residential or nursing care as at 2017 and the projected number in 2035.

* In 2017, the total population aged 65+ living in a care home with or without nursing was 2,700.
* By 2035, the number is projected to increase by 91% to 5,200.

Data source: [www.poppi.org.uk](http://www.poppi.org.uk) version 10.0

Using the percentages of older persons living in residential and nursing care homes at the time of the Census 2011, it is possible to estimate the numbers by 2036 by applying the same proportions to the Sub National Population Projections 2014.

This analysis undertaken by the Shropshire Council Information, Intelligence and Insight Team estimates that the rate of older persons moving into residential/nursing care homes remains the same. In Shropshire this is supported by our policy of working to enable older people to remain independent in their own homes for as long as possible.

Data source: Office for National Statistics, subnational population projections 2014 and [www.pansi.org.uk](http://www.pansi.org.uk))

**Sustainability of the marketplace**

The Care Act 2014 (“the Act”) places a duty on the Council to promote an efficient and effective market “with a view to ensuring that any person in our area wishing to access social care has access to a variety of high-quality services to choose from.”

Nationally, the market place is evolving and analysis by the Institute of Public Care (IPC:Market Shaping in Adult Social Care, July 2017) illustrates:

* The total number of beds in care homes across England has fallen by 0.8%, or 3,769 between April 2012 and April 2017 to 459,794 beds. However, the overall figure disguises large regional variations indicating a 3.4% increase in the West Midlands. The total number of beds in the West Midlands in April 2017 was 47,662 which was an increase of 1,547 beds since April 2012.
* The number of care homes has decreased by one or two percent per year over the last five years. It is variable by region. There was a 6% reduction in care homes in the West Midlands to 1,765 homes.
* Additionally, the average number of beds per care home is increasing. There are fewer homes, but on average they are larger care homes and it tends to be smaller care homes that are de-registering. The average number of beds per home in England in April 2017 was 28 and 27 in the West Midlands.
* There is also an indication that CQC inspections show that there is variation in performance in both residential and nursing homes dependant on the size of the home. Small homes (1-10 beds) are rated better than both medium (11-49) beds and large homes (50+beds). 88% of small homes (both residential and nursing) rated as good, compared with 63% of large nursing homes and 69% of large residential homes.

According to the Care Quality Commission (CQC) report: The state of health care and adult social care in England 2017/18 the overall quality of care in the major health and care sectors has improved slightly as at 31 July 2018 indicating that 79% of adult social care services were rated as good, compared with 78% in July 2017.

Locally, in Shropshire the marketplace is currently considered to be buoyant and providing good quality care. Care Quality Commission (CQC) data (CQC Area Profile report: November 2018) tells us:

* There are 118 ‘active care homes’ (active as defined by CQC) providing over 3,500 beds. It is noted that some of these homes are registered both as a care home service and nursing/care homes.
* The operators range from large chains to small local privately-owned homes
* At least 88% of those 118 providers have been assessed by CQC as good or outstanding.

The CQC Local System Data Summary dated 28/9/18 draws on analysis of CQC and other data to help identify issues within/across the health and care systems in a local area. It is focused on care for people aged 65+ residing within the Local Authority area. The ratings of active adult social care locations in Shropshire indicates the following:

* 77% of nursing homes are rated as good or outstanding compared with 66% from comparators and 69% in England.
* 93% of residential care homes are rated as good or outstanding compared with 77% from comparators and 79% in England.

NB: Local Authority Comparator areas have been drawn from the Chartered Institute of Public Finance and Accountancy’s nearest neighbour model. The model identifies 15 Local Authorities that are most similar to a selected LA, based on 39 variables covering population size and density, age, gender and ethnicity make up, deprivation, employment and housing. The comparator group for Shropshire is:

|  |  |
| --- | --- |
| **Comparator****1 = the most like Shropshire** | **Local Authority** |
| 1 | Herefordshire |
| 2 | Cheshire East |
| 3 | Cheshire West and Chester |
| 4 | Wiltshire |
| 5 | East Riding of Yorkshire |
| 6 | Bath and North East Somerset |
| 7 | North Somerset |
| 8 | Northumberland |
| 9 | Cornwall |
| 10 | Stockport |
| 11 | Central Bedfordshire |
| 12 | York |
| 13 | Solihull |
| 14 | Rutland |
| 15 | Isle of Wight |

Data Source: CQC Local System Data Summary

The Care Act provides a range of provisions such as the “market oversight” arrangements involving CQC and a temporary duty on the Council to intervene if a particular provider “fails”. The Council must ensure that it properly considers the actual cost of care when setting the rates, we are prepared to pay providers.

The Shropshire Partners in Care, Shropshire Council and Telford and Wrekin Council Fair Cost of Care Report: November 2016 acknowledges the increasing pressures reported by providers due to increasing costs from implementation of the National Living Wage, Pension auto-enrolment, regulatory fees, minimum wage regulations and continued recruitment and retention pressures. This report led to the engagement activity undertaken in the Summer of 2018 and the initiation of the project to review commissioning arrangements.

CQC Area Profile report: November 2018 tells us that 5 care homes closed during 2018. However, the reasons for closure are not reported.

To support development of the marketplace, the Council facilitates assistance to providers in partnership with Shropshire Partners in Care (SPIC).

Shropshire Partners in Care (SPIC) is a not for profit organisation representing over 240 independent Nursing, Residential and Domiciliary Care companies in Shropshire and Telford and Wrekin who have responsibility for providing a wide range of care services and support for those most in need. **Shropshire Partners in Care (SPIC)** is a not for profit organisation representing over 240 independent Nursing, Residential and Domiciliary Care companies in Shropshire with responsibility for providing a wide range of care services and support for those most in need. SPIC is widely represented on local and national bodies and encourages close links with those responsible for administering care services, local authorities, health and social care agencies, to raise awareness of the issues affecting the independent care sector in Shropshire.

SPIC is committed to maintaining and improving standards by providing training, advice and guidance for its members, managers and their staff, for the benefit of those they care for. Membership to Shropshire Partners In Care is open to all independent sector providers of care. SPIC is committed to ensuring its members offer equal opportunities to all and do not discriminate on the grounds of sex, colour, race, religion, sexual orientation, marital status or disability.

SPIC is also committed to working with the statutory and regulatory authorities to ensure that the highest standards are achieved.

Shropshire Partners In Care is committed to working with the statutory and regulatory authorities to ensure that the highest standards are achieved.Member care companies and proprietors are entitled to one vote per registered member on any issues at the Annual General Meeting(AGM).

**Fees/Rates**

The Care Act guidance also says that when we commission services we must assure ourselves that our fee levels do not (among other things) compromise the service provider’s ability to pay at least minimum wages and provide effective training and development of staff.”

Shropshire Council currently reviews and publishes rates on an annual basis and these are set out as an Appendix to the Personal Budget Contributions Policy 2018-19. The table of rates is illustrated below in table 1.

Table of previously published Shropshire Rates



Table 1

The Council have increased rates annually, with a 2% increase in 17-18 and a 2.5% increase for 18-19. Analysis of rates for 17-18 indicates that there is a wide variance in rates being paid and it is recognised that the level of the rates the council currently offers have not been fundamentally reviewed for some years and consequently are likely not to reflect current market pressures.

The Council has an obligation to obtain value for money when commissioning placements in care homes and we want to ensure future rates published and paid accurately reflect the costs of delivery of care, are transparent in the market place and deemed to be equitable by providers. Therefore, through this consultation we want to fully understand the factors associated with the delivery of care by providers.

Although the Council reviews and publishes rates on an annual basis, the financial analysis illustrates that rates being paid are often higher and varied. It is considered that this is because the current published rates do not accurately reflect the costs associated with providing care.

Whilst the Council have increased rates annually the environment within which care providers operate is complex, variable and subject to regulation. It is recognised that agreement of prices with providers needs to reflect the providers’ operating environment. This review provides the opportunity to ensure the rates are reflective of the delivery of care whilst affordable and providing value for money.

This consultation relates to the pricing structure for in County provision. Where a Shropshire resident is placed in a bed outside of Shropshire, we intend to continue to agree to pay the rates published by the hosting Local Authority.

**Current Commissioning**

The statutory guidance that supports the Act stipulates that the Council’s commissioning procedures “must encourage a variety of different providers and types of services. Whilst the guidance envisages that the Council may have approved lists and frameworks it directs that we “must consider how to ensure that there is still a reasonable choice for people who need care and support”.

The Council currently does not have an approved list or framework for residential and nursing provision. The purchasing of residential and nursing beds is undertaken on an individual basis following a care assessment by a Social Worker which determines whether a person needs care and support to help them live their day to day life. Additionally, a financial assessment will be undertaken to determine how the care needed will be paid for. The Council recognises it has a legal duty to meet people’s ‘eligible needs’ subject to their financial circumstances. Following these assessments which determine needs and the type of provision required, appropriate placements are sourced which can meet the care needs identified. The current commissioning arrangements involve individual rates being proposed by providers, which results in a wide variance in the rates the Council is paying to the care providers.

In 2017, we trialled the commissioning of beds through brokerage arrangements as currently operate for domiciliary care. This trial reaffirmed the need to have a clear, equitable and transparent pricing structure for payment of beds. Revised rates are also important for the Council to ensure that commissioning arrangements are as efficient as possible in the longer term, support market development and create positive outcomes for service users in need of care. Additionally, this would provide a clear and transparent pricing structure for providers and facilitate equity and parity amongst providers for the payment of care.

Following this consultation exercise, the next stage of this review is to explore how a framework will be developed using a brokerage system. It is intended that the brokerage system will enable a range of providers to be involved and mean that the Council can fulfil its responsibilities in offering choice to the individual. This consultation will enable the Council to explore this further.

The council currently commission a mixture of block purchased beds and spot contract beds for both residential and nursing care. Block purchased beds are contracts with providers for an agreed number of beds over a contract period. These contracts are awarded following a tendering process.

Spot commissioning of residential and nursing care are individual beds commissioned on a single basis and this practice has historically been built up according to need and addressed on a gradual basis. Whilst this has been an effective response to individual need it has led to a significant number of short-term commissioning solutions and increases in price. As established the prices that the Council commission beds at is currently not reflective of the published rates. The Council wants to work with the market place to understand how a revised price structure could be agreed and implemented to ensure that in future the commissioning of spot purchased beds is at rates that are realistic and sustainable for the Council, the provider, and those in receipt of the care provided.

**Financial analysis and implications**

The overall expenditure for Adult Social Care in Shropshire is continuing to increase. There is an ongoing need to balance additional pressures due to growing demand, delivery of statutory services and demographic changes with sustainability and development of the care provider market.

This growth in expenditure is recognised within the Council Financial Strategy for 2018/19 -22/23. Savings have been identified to be delivered by this review as part of the Council’s 2019 budget proposals which are subject to a separate consultation. The budget consultation period runs from 07 January 2019 - 18 February 2019.

Overall, expenditure for residential and nursing provision in Shropshire is the single biggest area for Shropshire Council Adult Social Care and spends just over £50 million per year. Expenditure for individual beds is categorised by ‘Primary Support Reason’ and this expenditure includes all categories including Adult Learning Disabilities (ALD) and Mental Health (MH).

This consultation proposal does not include the rates for people categorised with Learning Disabilities and Mental Health needs. These rates will be explored separately at a later stage in the review.

The expenditure for beds excluding ALD and MH categories for 17-18 was £33.3m (Nursing care £17.7m, Residential Care £15.6m).

During 2017-18 Shropshire Council commissioned 1,826 beds (870 nursing and 956 residential excluding those commissioned for ALD and MH categories of need).

Analysis of expenditure in 2018-19, excluding ALD and MH categories of need, for 18-19 at P4 illustrates that there is a wide variance in the rates being paid. The variance in prices creates difficulties for the Council in relation to planning for future demand and creates inequities for providers. The variance is illustrated in tables 2,3,4 and 5.

Table 2

 Table 3

Table 4

Table 5

This analysis undertaken of the current rates being paid to providers identifies the following key points:

* The previously published rates for nursing and residential provision are not being used.
* There is a wide variance in the rates being paid for residents with similar needs
* In most cases, it is the provider who determines the rate to be paid
* Shropshire are paying higher rates than the collective average of neighbouring authorities
* There is a significant reliance on spot purchasing of beds
* There is a high amount of short term purchasing of beds on multiple occasions

Research undertaken with other Local Authorities indicates that many have undertaken exercises to agree rates with providers and lessons have been learnt about ‘what the fair costs of care are.

To support the longer term purchasing of beds to meet both current and future needs the review of the current commissioning requirements for residential and nursing care beds has ascertained the need to balance financial pressures and obtain value for money whilst recognising the cost of delivery of care.

The focus of this proposal is to achieve a balance between managing expenditure and meeting demand whilst creating fairness, equity for a sustainable marketplace and good quality standards of care.

**How we determined these proposals for the purposes of consultation**

In determining our proposals, we have utilised both national and local research to develop the proposed model and rates for the purposes of this consultation.

We have:

* Adopted the industry recognised ‘LangBuisson’ model illustrated in ‘Working with care providers to understand the costs’: A guide for adult social care commissioners. This model reflects the costs associated with the delivery of care.
* Identified the proposed rate using an average of the current rates to create equity and transparency in the price we pay. **These rates are not intended to be the final rates that the council uses.**

The review of rates also acknowledges the differences in cost, price and value which are often used as if they are interchangeable words but there are fundamental differences between them.

The proposed model and rates are illustrated in table 6.

Please tell us your views using the methods outlined on page 20.

|  |
| --- |
| **Model and rates proposed for the purposes of consultation** **(*Please note that these rates are not intended to be the final rates that the council uses)*** |
|

|  |  |
| --- | --- |
|   | Lang Buisson Model - Proposal for consultation purposes(includes 3% uplift) |
|   | Nursing EMI | Nursing | Res EMI | Res |
| Revenue cost head | % | £ | % | £ | % | £ | % | £ |  |
| Nursing costs | 25% | 171 | 25% | 146 | 0% | 0 | 0% | 0 |  |
| Care costs | 33% | 227 | 33% | 194 | 44% | 224 | 44% | 218 |  |
| Domestic and other hourly paid staff | 14% | 96 | 14% | 83 | 19% | 97 | 19% | 93 |  |
| Salaried staff | 5% | 34 | 5% | 31 | 7% | 35 | 7% | 34 |  |
| Food | 4% | 27 | 4% | 25 | 6% | 30 | 6% | 30 |  |
| Utilities, phone, Council Tax | 4% | 27 | 4% | 25 | 5% | 25 | 5% | 25 |  |
| Insurance | 1% | 7 | 1% | 6 | 1% | 5 | 1% | 5 |  |
| Registration Fees | 1% | 7 | 0% | 1 | 1% | 5 | 1% | 5 |  |
| Recruitment | 0% | 3 | 0% | 1 | 1% | 5 | 1% | 5 |  |
| Direct Training Expenses | 0% | 2 | 0% | 1 | 1% | 5 | 1% | 5 |  |
| Cleaning, uniforms, disposal, waste | 3% | 18 | 3% | 17 | 2% | 10 | 2% | 10 |  |
| Travel, outings, TV | 0% | 2 | 0% | 1 | 1% | 5 | 1% | 5 |  |
| Externally purchased services | 1% | 7 | 1% | 6 | 1% | 5 | 1% | 5 |  |
| Other non-staff current expenses | 2% | 14 | 2% | 12 | 3% | 15 | 3% | 15 |  |
| Repairs and maintenance | 6% | 41 | 6% | 35 | 8% | 39 | 8% | 40 |  |
| General overheads | 1% | 7 | 1% | 6 | 1% | 5 | 1% | 5 |  |
| **Total** |  | **£690** |  | **£590** |  | **£510** |  | **£500** |  |

 |
| Notes about the model:* This model and rates are proposed for the purposes of the consultation 18th March 2019 to 26th April 2019.
* It is a proposed weekly rate
* This rate has been calculated based on the average rate from analysis of 18-19 actual expenditure
* The costs in the model and the percentages are based on the LangBuisson model\*
* It is assumed that the providers level of profit is included within the rates

\*The LangBusisson model is illustrated on page 43 of the document titled ’Working with care providers to understand costs: A guide for adult social care commissioners’ <https://www.careprovideralliance.org.uk/uploads/1/0/8/0/108055907/1701-working-with-providers-to-understand-and-agree-costs_8.pdf> |

Table 6

**Previous Engagement with the marketplace**

In Autumn 2015, Shropshire Council initiated a project with Shropshire Partners in Care (SPIC) designed to establish a basis for determining a ‘Fair Cost of Care’ in Shropshire.

The report tells us that several similar surveys have previously been undertaken both in Shropshire and elsewhere in the country, all characterised by relatively low return levels. This project resulted in a consistent return rate of 20% from the residential sector.

The findings reported median costs (excluding any margin or ROI) identified for different home types and sizes for Residential and Nursing homes and are illustrated below:

|  |  |  |
| --- | --- | --- |
| **Size/type** | **Non nursing costs** **(£ per bed/week)** | **Nursing costs****(£per bed/week)** |
| 1-19 beds | 395.00 | 851.05 (single outlier) |
| 20-29  | 431.58 | 678.06 |
| 30-49 | 469.37 | 693.38 |
| 50-69 | 441.41 | - |
| 70-89 | - | 683.27 |
| 90+ | - | - |
| **Overall** | **436.35** | **685.72** |

The data from residential and nursing providers was extensive and mostly consistent. Pay was found to be consistent at around 64% of overall cost, with median carer rates per hour of £7.54 and senior carers at £8.47. Agency nursing costs were found to be a significant pressure with some homes spending in excess of £100,000 pa or up to £29 per bed per week.

Non-pay costs were reported as consistent and were summarised as:

|  |  |  |  |
| --- | --- | --- | --- |
| **Category** | **Median** **£ per bed/week** | **Average** | **PWC update of LangBuisson figures to 2013 prices** |
| Food | 23.67 | 25.29 | 25.39 |
| Repairs and Refurbishment | 19.28 | 21.18 | 21.13 |
| Rent/Finance costs | 43.49 | 60.93 | - |
| Insurance | 3.92 | 4.05 | 6.22 |
| Utilities | 22.49 | 22.16 | 25.35 |
| Uniforms | 1.67 | 1.80 | - |

The report concludes that full open book accounting is unlikely to gain traction due to mistrust, complexity, lack of expertise and the expense. It reports that a more open approach to cost identification and fee modelling would be of benefit to both parties and that recognition of recruitment and retention pressures (compounded by NLW and maintenance of differentials) is important.

In June 2018, engagement was undertaken with the market place 124 care home providers were invited to participate in this engagement activity. The actual activity recorded an initial meeting with care home providers (5 care homes chose to engage), individual meetings with self-selected providers (2 providers, chose to engage) and an online survey (16 providers responded). It was noted that providers who chose to engage broadly agreed with the principle of reviewing the rates and stated that rates should be considered ‘fair’. However, it is acknowledged that this is small representation of the marketplace.

To fully understand provider’s definition of ‘fair’ and assess the implications associated with implementation this further public consultation and provider engagement is essential.

This consultation provides an opportunity for all interested parties to participate. This is intended to include service users and their families, other interested parties such as voluntary organisations and practitioners so they can contribute to the development of revised arrangements.

**Equality analysis**

Effective commissioning arrangements minimise escalation of cost and create sustainable market conditions. By creating transparency and consistency in the market place it is intended that we will ensure that residents and their families receive the care needed to meet their needs consistently across the county.

The use of published rates is intended to ensure transparency for providers and ensure cost effectiveness in expenditure. The aim is to continue to develop a vibrant and sustainable market place whilst ensuring that the future residential and nursing care needs of citizens of Shropshire will be met.

It is intended that the engagement and consultation will ensure that the Council fully understands and identifies the risks and opportunities associated with revising the current published rates. It will enable us to ensure we can consider the implications and identify mitigating actions to inform decisions about introducing revised arrangements.

An Equality and Social Inclusion Impact Assessment (ESIIA) is attached. It is anticipated that the planned changes will have a low positive or negative impact on protected characteristic groups and all other groups of people. The consultation is intended to further explore the risks and ensure that enough people’s views are gathered to fully assess the impact.

The ESIIA will be updated following analysis of the consultation findings.

**Scrutiny and governance**

**How will we make a decision?**

Once the consultation period has closed on the 26th April 2019, an analysis will be undertaken of:

* Hard copy and online survey responses
* Qualitative feedback from meetings and events
* Letters and emails

At the mid-point of the consultation period, an equalities analysis will be undertaken to support the identification of any further engagement activity required during the remaining time.

A final report will be published after the end of the consultation period to summarise the findings.

**Final decisions on the options we are asking your views on**

The report summarising the findings will be received by the dedicated Project Board who will oversee the analysis of the consultation along with the development of any recommendations for next steps.

The consultation findings and any recommendations will be proposed to Cabinet in July 2019.

The views and comments of everyone who responds to this consultation are an important part of how we will make the decision.

No decision will be made until the consultation has been completed and the views collated to inform the final proposals.

Implementation of any final proposals won’t take place until these have been agreed via Cabinet in July 2019 and we will liaise with all contracted providers to determine how they could be affected by arrangements.

**We want your views and want to listen to you**

We have a responsibility to involve you and consult you when we are considering making changes that will affect you and we take that responsibility seriously. Your views will help us to ensure we make changes that will be appropriate and mean we can continue to meet the needs of citizens in Shropshire.

We would like as many people as possible to respond to us during this six-week consultation by 26th April 2019.

We will also undertake events and meetings where you can find out more about the review and proposals for the purposes of the consultation and share your views.

Please see the consultation plan for further details.

You can do this by completing the survey

Online: <https://www.surveymonkey.co.uk/r/review-of-rates-for-commissioning-residential-nursing-beds>

Email: tellUs@Shropshire.gov.uk

Postal: A paper copy of the survey included at Appendix 1

and you can post to:

FREEPOST RSXA-YGES-CXCE

Tell Us

Shropshire Council

Shirehall

Abbey Foregate

Shrewsbury

Shropshire

SY2 6BR

**Glossary**

**The Care Act 2014:** *The* ***Care******Act******2014*** *is an* ***Act*** *of the Parliament of the United Kingdom that received Royal Assent on 14 May* ***2014****, after being introduced on 9 May 2013. The main purpose of the* ***act*** *was to overhaul the existing 60-year-old legislation regarding social* ***care*** *in England. The* ***Act*** *received the consensus of the three main political parties in the UK during its passage through parliament.*

**Market Position Statement:** *A market position statement sets out* the future direction and intentions of the Local Authority and how commissioners intend to fund and manage the future of social care in the area.

**An Equality and Social Inclusion Impact Assessment (ESIIA):** *An assessment tool to help to identify whether or not any new or significant changes to services, including policies, procedures, functions or projects, may have an adverse impact on a particular group of people, and whether the human rights of individuals may be affected.*

**Appendices**

**Appendix 1 – Shropshire Council Consultation on the review of rates for Commissioning of Residential and Nursing Beds - Questionnaire**

Please note that Questions 1 to 14 are specifically aimed at Care Home Providers as they are the recipients of the rates. However, we would also like to hear from all interested parties and invite anyone to comment on any question if you would like to tell us your views. Alternatively, you can email us at tellUs@Shropshire.gov.uk.

1. **Have you read the background information outlined in the Consultation documentation: Review of Rates for Commissioning of Residential and Nursing Beds: Have your say on the review of rates?  If you haven’t, you may want to look at the ‘Get Involved’ page on our website.**

 **Yes No**

|  |
| --- |
| **Comments:** |

1. **Do you agree with the need to review the published rates for beds to ensure it recognises the cost of delivering care?**

**Strongly Agree Agree Disagree Strongly Disagree**

|  |
| --- |
| **Comments:** |

1. **Do you agree that the following principles should underpin any agreed rates to support sustainability of the market? Please circle below:**
* **A funding system that is fair Yes or No**
* **A funding system that is efficient Yes or No**
* **A funding system that is transparent Yes or No**
* **A funding system that is based on meeting needs Yes or No**
* **A funding system that is simple Yes or No**

|  |
| --- |
| **Comments:** |

1. **What other factors do you think should be considered to support sustainability of the marketplace?**

|  |
| --- |
| **Comments:** |

1. **We are proposing the following model and rates** *(please note that this is proposal is for consultation purposes and we want to seek your views. These are not intended to be the final rates that the Council uses.)*

**This model (including the percentages) is based on the ‘LangBusisson’ model illustrated on page 43 of the document ’Working with care providers to understand costs: A guide for adult social care commissioners’**

**These rates illustrated have been calculated based on the average of the current prices being paid to providers**

|  |
| --- |
| **Model and rates proposed for the purposes of consultation** |
|

|  |  |
| --- | --- |
|   | Lang Buisson Model - Proposal for consultation purposes (includes 3% uplift) |
|   | Nursing EMI | Nursing | Res EMI | Res |
| Revenue cost head | % | £ | % | £ | % | £ | % | £ |  |
| Nursing costs | 25% | 171 | 25% | 146 | 0% | 0 | 0% | 0 |  |
| Care costs | 33% | 227 | 33% | 194 | 44% | 224 | 44% | 218 |  |
| Domestic and other hourly paid staff | 14% | 96 | 14% | 83 | 19% | 97 | 19% | 93 |  |
| Salaried staff | 5% | 34 | 5% | 31 | 7% | 35 | 7% | 34 |  |
| Food | 4% | 27 | 4% | 25 | 6% | 30 | 6% | 30 |  |
| Utilities, phone, Council Tax | 4% | 27 | 4% | 25 | 5% | 25 | 5% | 25 |  |
| Insurance | 1% | 7 | 1% | 6 | 1% | 5 | 1% | 5 |  |
| Registration Fees | 1% | 7 | 0% | 1 | 1% | 5 | 1% | 5 |  |
| Recruitment | 0% | 3 | 0% | 1 | 1% | 5 | 1% | 5 |  |
| Direct Training Expenses | 0% | 2 | 0% | 1 | 1% | 5 | 1% | 5 |  |
| Cleaning, uniforms, disposal, waste | 3% | 18 | 3% | 17 | 2% | 10 | 2% | 10 |  |
| Travel, outings, TV | 0% | 2 | 0% | 1 | 1% | 5 | 1% | 5 |  |
| Externally purchased services | 1% | 7 | 1% | 6 | 1% | 5 | 1% | 5 |  |
| Other non-staff current expenses | 2% | 14 | 2% | 12 | 3% | 15 | 3% | 15 |  |
| Repairs and maintenance | 6% | 41 | 6% | 35 | 8% | 39 | 8% | 40 |  |
| General overheads | 1% | 7 | 1% | 6 | 1% | 5 | 1% | 5 |  |
| **Total** |  | **£690** |  | **£590** |  | **£510** |  | **£500** |  |

 |
| Notes about the model:* This model and rates are proposed for the purposes of the consultation 18th March 2019 to 26th April 2019.
* It is a proposed weekly rate
* This rate has been calculated based on the average rate from analysis of 18-19 actual expenditure
* The costs in the model and the percentages are based on the LangBuisson model\*
* It is assumed that the providers level of profit is included within the rates

\*The LangBusisson model is illustrated on page 43 of the document titled ’Working with care providers to understand costs: A guide for adult social care commissioners’ <https://www.careprovideralliance.org.uk/uploads/1/0/8/0/108055907/1701-working-with-providers-to-understand-and-agree-costs_8.pdf> |

**5a) Do you agree with the ‘LangBuisson’ model as a way of reflecting the cost of delivery of care?**

**Strongly Agree Agree Disagree Strongly Disagree**

|  |
| --- |
| **Comments:** |

**5b) Have we identified the right cost factors within this model?**

**Strongly Agree Agree Disagree Strongly Disagree**

|  |
| --- |
| **Comments:** |

**5c) Have we allocated the right percentages to the cost factors?**

**Strongly Agree Agree Disagree Strongly Disagree**

|  |
| --- |
| **Comments:** |

**5d) Do you agree with the rates identified within this model?**

**Strongly Agree Agree Disagree Strongly Disagree**

|  |
| --- |
| **Comments:** |

1. **Can you suggest any alternative models for consideration? If yes, please describe below?**

 **Yes No**

|  |
| --- |
| **Comments:** |

1. **Are you commissioned by other Local Authorities?**

 **Yes No**

|  |
| --- |
| **Comments:** |

1. **If these rates were introduced in Shropshire with effect from September 2019, how would you be affected by them?**

|  |
| --- |
| **Comments:** |

1. **How might access to care and support by people be affected by these rates?**

|  |
| --- |
| **Comments:** |

1. **How could the quality of care for people be affected by these rates?**

|  |
| --- |
| **Comments:** |

1. **How could the workforce who deliver care for people be affected by these rates?**

|  |
| --- |
| **Comments:** |

1. **How might the capacity to meet demand for care be affected by these rates?**

|  |
| --- |
| **Comments:** |

1. **What are your views about how the Council can ensure that funding, commissioning and decision making can ensure that care providers are able to plan the right services for people with the right resources?**

|  |
| --- |
| **Comments:** |

1. **What are your views about how the Council can support collaborative arrangements with other services?**

|  |
| --- |
| **Comments:** |

1. **Please outline any other comments you would like to share with us regarding the modelling and publication of revised rates**

|  |
| --- |
| **Comments:** |

1. **Are you? Please indicate below:**
* Provider, please indicate whether you are:

Nursing \_\_\_\_\_\_\_\_

Residential \_\_\_\_\_\_\_\_\_\_

Both \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Size of Organisation e.g., Number of available beds

1-10 beds \_\_\_\_\_

11-49 beds \_\_\_\_\_\_\_

50+ beds \_\_\_\_\_\_\_\_

* Practitioner, please specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Resident or resident’s family member
* Voluntary organisation, please specify \_\_\_\_\_\_\_\_\_\_\_
* Interested member of the public, please specify \_\_\_\_\_\_\_\_\_\_\_
* Other, please specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
1. **If you are not a provider and want to provide any comments, please outline below:**

|  |
| --- |
| **Comments:** |