

Residential and Nursing Fee Review

Stage 1 Consultation Report - Summary
March 2019



Introduction

Leicestershire is changing the way it pays for residential and nursing care, the contractual arrangement and the way in which it makes new placements. To make these changes, the Council is formally consulting with the general public, services users, advocacy agencies and care home providers.

The purpose of this report is to document the feedback from the first stage of the consultation, provide an analysis of the issues that emerged and set out the Council's response to the feedback received.

The current arrangements for determining the fees for care homes in Leicestershire have not been reviewed since 2011. Since then new responsibilities have been placed on the Council by the Care Act 2014. Similarly, the Core Contract and Specification for residential care have not been reviewed since 2012. These documents need to be revised to reflect the Care Act changes as well as the changes made following this consultation.

The consultation on this review will be in two stages; stage 1, to which this report relates, seeks care home providers' views about the proposed changes to the structure and processes involved in making and reviewing residential and nursing care placements.

Stage 2 of the consultation, which is likely to be in March 2019, will seek views on the proposed fee levels for the financial year 2019/20 (commencing April 2019) and plans for the transfer of current residents to the new system.

Final decisions will only be made at the end of the process, planning and decisions undertaken at the end of the first stage are provisional only, and will remain so until the end of the process when final decisions are made on all issues.

Those taking part in the consultation can comment on stage 1 issues, as well as any issues overlap stages 1 and 2, in their comments made in response to the stage 2 consultation.

Consultation approach and response rates

The Council publicised the proposed Fee Review consultation ahead of the cabinet meeting at which the consultation was agreed on 16 October via a press release. The Council gave members of the public the opportunity to take part in the consultation by including a link on the Have Your Say page on the Council's website, but none did so.

The Council sought the views of residential and nursing care providers, including the representative organisation EMCARE, advocacy organisations and service users with a Deferred Payment Agreement. These key groups were contacted directly, to encourage participation, they were given the option to respond by completing an online questionnaire, or by email or by telephone.

Consultation with Residential and Nursing Care providers

Prior to the consultation, providers were invited to join a Provider Reference Group, to help the Council to shape its approach to the fee review. That group met 5 times prior to the consultation between April and October 2018. Discussions at that group relating to, amongst other things, the proposed banding definitions and cost template, were considered when developing the consultation proposals. A full report of the work of the Provider Reference Group was included in the consultation materials.

Also, prior to the consultation on 2 November 2018 an email was sent to providers advising them of the forthcoming consultation. This communication also gave them advance notification of a series of consultation meetings that would be held at localities around the county during the consultation period to facilitate diary planning.

The consultation was launched on 14 November 2018 by email to Leicestershire, and out of county providers, 250 homes were emailed. The email provided summary information about the consultation, a link to the website where all the consultation information and questionnaire could be found and email and telephone contact details for those that wished to respond via those routes. A follow up email was sent on 19 December 2018 to encourage providers to participate and a final reminder was sent on 7 January 2019, a day ahead of the consultation closure date of 9 January 2019.

The table below summarises the proportion of emails that were opened and used to 'click through' to the consultation section of the website.

Fee Review - Email Tracking		
	Email opened	Clicked through to website
Launch email - 14 November	30%	8%
1st reminder - 19 December	27%	5%
2nd reminder - 7 January	54%	9%

Regarding the consultation website, it was accessed by 71 providers, representing 77 homes, there were 258 visits and 146 unique visits to the website. 6 providers completed the questionnaire, representing 11 care homes. 14 providers, representing 38 care homes attended consultation meetings and commented on the proposals using that mechanism.

Consultation with Advocacy Organisations

The Council contacted advocacy organisations to request comment on the proposals from the perspective of service users, carers and families. Taken from the Voluntary Action database, of agencies with which we contract, 14 organisations were contacted. Contact was also made the Carers Group of the Learning Disability Partnership and the Equality Challenge Group.

None of the organisations responded to the consultation proposal either by completing the questionnaire, by email or by telephone contact. The Carers Group discussed the proposal at a meeting on 3 December and Equality Challenge Group met on 14 January to discuss the consultation proposals. Both groups intend to respond fully to the second stage consultation.

No comments were made about the draft EHRIA screening tool that was published as part of the consultation papers, but the Equality Challenge Group will review it, and the full EHRIA assessment will be published with the second stage consultation.

Consultation with service users with a deferred payment agreement (DPA)

There is an expectation that the fees the Council pays to providers will increase because of the fee review, so the fees paid by service users with a DPA would also increase. The Council therefore wrote to all 69 service users with a DPA. 2 responded by telephone to seek further explanation of the process, no one emailed or completed the questionnaire.

Consultation with EMCARE

EMCARE supported the development of the proposals via the Provider Reference Group ahead of the consultation. It also encouraged its members to take part in the consultation but did not take part itself.

Proposals and responses

Proposal 1 – A two band approach for Older Adults (OAs)

The Council proposed to replace the current 5 band Residential and single Nursing band system with a two band system that will be used to commission placements in Older Adult care homes. Supplementary Needs Allowance (SNA) payments will continue to be payable, at an agreed rate, where required, and usually only in exceptional circumstances.

Most providers supported for the proposal of two bands for older adults, with a standard hourly rate agreed for SNA when required. However, observations have been made that will need to be considered when calculating the band rates, in particular the definitions for each band, the assumed hours of care needed and the transition process. Though providers that attended the consultation meeting recognised the importance of the Band Definitions, no one commented on the draft definitions published as part of the consultation.

Proposal 2 – Use of the Care Funding Calculator for Working Age Adults (WAAs)

The Council proposed to continue with its use of the Care Funding Calculator to commission placements into Working Age Adult care homes, but with a standardised set of hotel (establishment) costs for Leicestershire.

Though the Council was not consulting on the use of the Care Funding Calculator as such, 2 providers made criticism relating to it. They said that it failed to collect all the relevant costs and therefore understated the cost of care for each service user. They also said that the tool was not updated to take account inflation and wage increases.

Regarding the proposal the questionnaire responses were ambivalent, with 2 providers supporting the proposal, 2 disagreeing with the proposal and 2 expressing no view. Those that do not support the proposal argued that the hotel costs should be agreed for each care home with the provider. This chimes with other concerns raised by providers about this approach related to differing hotel costs because of home size, location and occupancy.

There was support in principle from one provider for the Care Funding Calculator as an independent tool and the calculation of a standard hourly rate for SNA. However, most providers made the point that if the Council proceeds with this proposal, it will have to publish all its underlying costings and assumptions for scrutiny in the second stage of the consultation.

Proposal 3 – A review of the Council's standard cost template

Alongside Proposals 1 and 2, the Council will review its Standard Cost Model to determine the two Older Adult bands and the WAAs hotel costs. Consultees were asked to comment on the draft template and asked to supply details of their costs.

There was positive feedback on the template structure and it was described as comprehensive. Observations were made about specific cost lines which can be incorporated into the next version. Also, the point was made that the rates were more important than the template per se.

The Council has commissioned C.co, part of the Chartered Institute of Public Finance Accountancy, to assess the cost of care in Leicestershire and make recommendations that will be consulted upon in the second stage of the consultation.

Proposal 4 – Annual fee review

It is proposed that annual fee reviews will be undertaken using an agreed methodology that will be linked to the National Living Wage and inflation as measured by the Consumer Price Index and implemented without further consultation. In line with the current contractual arrangements, Third Party Top-ups will also be reviewed annually in April each year.

Most providers were supportive of this proposal, welcoming more transparency and automation. Also, providers saw the benefits from a financial planning perspective for both providers and the Council. However, providers pointed out that flexibility was needed, for example when new costs occurred or there is a sector wide issue that drives up costs.

Proposal 5 – Out of county placements

Currently, the Council pays fees for out of county placements in line with those of the local authority in which the home is located. Some local authorities pay Out-of-County providers the same rates as those it pays for care in its own local authority area. The Council requested the views of providers on these different approaches.

There was no support for this proposal; key concerns highlighted were that such an approach would be both inequitable and impractical. Many out of county placements are negotiated individually, rendering the proposal redundant.

Proposal 6 – Core Contract and Specification refresh

The residential and nursing care Core Contract and Specification was last reviewed in 2012. These documents will be updated to take account of changes in legislation, regulation and best practice. The Council is also exploring a revision of the Individual Placement Agreement (IPA), including its approach to the use and administration of Third Party Top-ups and a proposal to implement a system for using electronic signatures.

Most providers supported the proposal to revise the core contract, specification and Individual Placement Agreement. Providers said that the current contract was out of date, that the revision should provide greater clarity about the required standard of quality and the alignment with the CQC was welcomed. Concerns were raised about potential delays when providers call for the CQC to re-inspect and inconsistency with different inspectors.

Regarding the proposed removal of the QAF payments, providers that are QAF accredited were critical of the proposal. The concerns expressed related to an undermining of the importance of quality, the loss of the benefits the QAF brings with staff motivation and morale, and the loss of income which helps to fund quality improvement work and initiatives. It was also suggested that this was a cost saving measure.

However, one provider also said that it was unusual to have an incentive of this type and that it was more common for Councils to not commission placements with organisations that did not achieve the required quality standards. Also, it was said that quality payments could be aligned with CQC ratings.

Alternative proposals and other issues

There was some scepticism that there was no planned budget cut associated with the review.

There were discussions about equity for self-funders and challenges that arise when they become eligible for local authority funding.

Regarding the Council's strategy of increasing the use of Supported Living placements for Working Age Adults, one provider stated that Supported Living was more expensive than residential care and gave examples to that effect.

Concerns were raised about several contract management and operational issues including, the speed at which cases are reviewed when needs change and the authorisation of additional expenditure when safeguarding requirements are changed. The review process, it was stated, also needs to be able to cater for a situation when people's needs are reduced by effective care which could be put at risk if funding is reduced to a lower band at review.

Concerns were raised around transition to a new system with a delay to June already and a risk of further delays because of a need to review complex cases. So, the need for an effective transition to the new banding approach is required.

Recommendations

The Council intends to proceed with Proposal 1 to develop a two-band system for Older Adult Placements, together with a standard hourly rate for SNAs. The Band Descriptors should include the assumed hours of care required.

The Council does not intend to proceed with Proposal 2 to develop a Leicestershire standard hotel cost. Considering the issues raised in consultation and the lack of detailed financial information from providers that has been made available to C.co to estimate hotel costs, the Council intends to consult on a proposed WAA Band in the second stage of the consultation.

The Council intends to proceed with Proposal 3, the use of the standard cost model template, taking account of the feedback on line items, to develop the cost of care calculation, banded rates and standard hourly rate for SNA.

The Council intends to proceed with Proposal 4 to develop a mechanism to apply annual increases automatically. That process should be transparent and take account of new cost items that may arise during the year. It must also entail the mechanism to suspend the approach if there is a sector wide issue that results in a significant change in costs.

The Council does not intend to proceed with Proposal 5 to pay Leicestershire banded rates to out of county providers. Out-of-County cases will be paid at the Local Authority rate in which the home is based. Annual rate increases will be made, with no back dating beyond the fiscal year of the increase, in line with that Local Authority rate increase.

The Council intends to proceed with Proposal 6 to review the core contract, specification and Individual Placement Agreement.

The Council also intends to remove the voluntary QAF payments, align quality requirements with those of the CQC and publish proposed changes in the second stage consultation for feedback. Alongside this the Council intends to work with providers to increase the recognition and celebration of good practice via the current mechanisms such as Care Ambassadors, Dignity in Care, and Carer of the Year Awards.

Conclusion

The response was limited with no comments from members of the public, DPA self-funders or advocacy agencies. However, work is ongoing with the Learning Disability Partnership Board and Equality Challenge Group.

Provider response to the questionnaire was limited, but attendance at consultation meetings was better, with 14 organisations attending. However, the quality of the feedback was very good, with detailed comments on each of the proposals from care professionals.

For **Proposal 1** (two bands for OAs), **Proposal 3** (standard cost model template), **Proposal 4** (automatic annual increase) and **Proposal 6** (contract refresh) there was support from most providers and the Council intends to proceed with those, subject to the outcome of the second stage of the consultation and considering, the comments made by providers.

The proposal to remove the QAF payments, to align with quality management in **Proposal 6**, was criticised by providers obtaining those payments only, not by other providers, one of which highlighted that other Councils tended not to operate this approach and that failure to achieve the required standard of care would result in no placements in other areas. The Council intends to remove these payments, but in view of the benefits to motivation and morale that the QAF has produced, the Council intends to work with providers to enhance current recognition and reward schemes.

For **Proposal 2** (standard hotel costs for WAAs) several practical issues were raised about the calculation of the rate, including variations based on home size and the needs of individual residents. Also, C.co were not able to obtain the cost detail required to determine the hotel costs in Leicestershire. They therefore recommended the use of a WAA band. So, the Council will not proceed with the proposal to standardise hotel costs but intends to consult on the use of a WAA band, with the National Care Funding Calculator used to calculate a bespoke price for higher cost placements, in the second stage of the consultation.

For **Proposal 5** (out of county placements) concerns were raised about the equity and practicality of this approach so the Council will not proceed with this proposal but will continue its current practice of paying the rates determined by the host Local Authority.

As stated earlier, Final decisions will only be made at the end of the process, planning and decisions undertaken at the end of the first stage are provisional only, and will remain so until the end of the process when final decisions are made on all issues. Those taking part in the second stage consultation can comment on stage 1 issues, as well as any issues overlap stages 1 and 2, in their comments made in response to the stage 2 consultation.

Finally, the Council would like to thank all those that took part in the first stage of the consultation.

You can view the latest information in a number of ways

Visit us online at resources.leicestershire.gov.uk/provider-fee-review

Our web pages will be kept up-to-date with the latest information and developments. You'll also be able to access the survey here.

Send an email to ASCengage@leics.gov.uk to register for the latest news and updates.

Follow us [@leicscountyhall](https://twitter.com/leicscountyhall) for general updates from the council, including the developments on the budget.

Alternatively, you can telephone **0116 305 0232** to ask for information in printed or alternative formats.

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