

## Summary of Feedback Received re R&N Fees

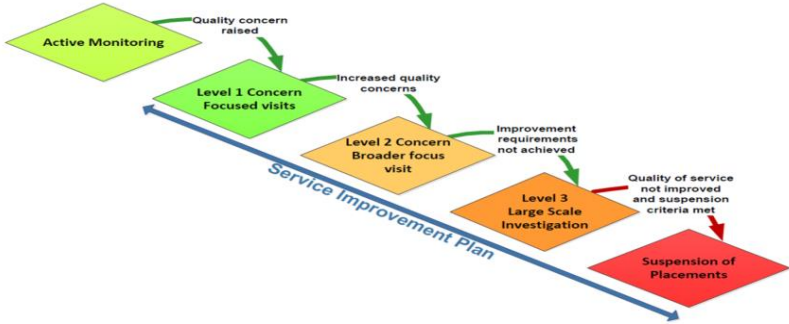

Feedback	Details of Issue	Council Response
<b>Three Year Settlement – Yes / No</b>		
	Offer not acceptable	On the whole, the feedback has generally been positive for agreeing a 3 year settlement once the details are finalised.
	Three year offer quite sensible	
	With option to review is a good way forward	
<b>Fees too low / General</b>		
	Fees uplifts too low to reflect cost of delivering high quality care. Reliant of third part top ups	Noted, however we have a number of homes and only a relatively small percentage of these charge a third party top up.
	Move to gross payments is helpful	It is recognised that, whilst we cannot always provide the uplift providers request, the council has tried to offer support to the sector in other ways, such as paying providers gross and thereby taking the debt collection away for adult social care funded placements.
	Increases too low to maintain quality serviced. Acknowledge context of reduced funding	Noted, however, Herefordshire came out top for quality of care homes in the county, based on CQC ratings, and the council is currently able to place the majority of individuals at the ‘usual rates’.
	<p>Acknowledge fee proposal takes some account of NLW it does not adequately address the significant funding shortfalls in relation to actual costs of NLW. If increase from £7.50 in April 2017 to projected £9.15 by 2020 materialises this will have risen at a rate of 36.5% on the pre-April 2016 figure. The fee proposal is therefore vastly inadequate. Please respond to the following questions:</p> <p>a) Please explain how, in deciding not to make an adjustment for the increase in NMW in the fee proposal, the Council considers that providers can absorb the forthcoming increase</p> <p>b) Please provide evidence that the Council has taken into account the impact of the rise in the NLW and NMW on sleep-in rates in setting the proposed fees in the fee proposal</p>	<p>a) The council has taken the NLW fully into account with its calculations.</p> <p>b) The model is based on hours of care delivered. It would be up to providers to look at their rosters to manage this effectively.</p>

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	c) Please provide evidence that when setting the proposed fees, the council has taken into account its recognition of the increase in cases of people with increasing complexity of needs in transitioning into adult social care and the impact this will have on the cost of care	c) Where there is recognised increased need for care, such that this would take an individual beyond what could reasonably be expected from a standard placement, an individually negotiated fee is agreed with the provider.
<b>2% Efficiency</b>		
	This is simply a fee reduction. Is it realistic to apply every year when costs are almost wholly fixed?	The council would expect providers to deliver the cost of care in the most cost efficient way. Experience across all sectors of industry is that there is always scope for further efficiencies in any system.
	Efficiency unfair and impossible to achieve in a small company	
	Fee increase request letter has reduced ROC from 8% to 6% and management overheads from £73 to £51 so have already met efficiency, therefore should be excluded.	
	References saving proposal to reduce need for formal care service & holding demographic demand to 80%. Will reduce fee income by more than 2% appears to be double counting. Requested: a) Definition of efficiency target b) Explain how 2% reached. Quotes para 4.31 of statutory guidance <i>“Local authorities should have regard to guidance on minimum fee levels necessary to provide this assurance, taking account of the local economic environment. This assurance should understand that reasonable fee levels allow for a reasonable rate of return by independent providers that is sufficient to allow the overall pool of efficient providers to remain sustainable in the long term”</i> c) Show how placement reduction and efficiency are not double counting d) Provide a copy of the council’s policies and meeting minutes which set out the basis and decision making process for imposing the efficiency target	

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	e) Confirm what costs included in operational costs f) Confirm cost model used to calculate fee and that “usual rate” was not used as the starting point g) The reduction in payment following death from 5-2 days and payment in arrears it is arguable that these alterations already result in the target efficiency target being met.	e) The following costs have been included in operational costs: Food, Utilities, Gardening, Insurance, Medical Supplies / Clinical waste, Registration fees / CRB check fees, Recruitment, Laundry and cleaning, operating lease costs, direct training expenses, other non-staff current expenses, repairs and maintenance f) The open book review figures which care homes provided have been used as the basis for calculating the % uplift. g) The payment after death has reduced from 5 to 3 days and the payment in arrears will be by two weeks as payment is currently two weeks in advance and two weeks in arrears. This will result in larger gross payments and are not in themselves cost saving.
<b>National Living Wage - General</b>		
	Earlier increases have not recognised full impact of previous NLW rises	The model calculates the impact of the NLW based upon the number of hours worked at the NLW rate, and therefore recognises the proportion of the workforce paid at the NLW. This together with the other inflationary factors feed through to derive the % uplifts proposed for 2017/18 and the following two years.
	Approximately 70% of all staff are on NLW	
	Fee proposal does not address forthcoming increase in NMW or other costs	
<b>NLW – age differential</b>		
	Reported only 3% of workforce below 24, not 11% as county average	Responses noted. We have not included any differentiation between under / over 25's, but have instead assumed that all staff are paid at the over-25 rate.
	Do not differentiate between under / over 25	
	Adoption of NLW pay differentials for over / under 25 would significantly limit ability to recruit and sustain robust and skilled workforce in long term. If council does not pay a sufficient rate to permit providers to do this it would be in breach of statutory duties.	
<b>Other Pay Differential</b>		
	Had to raise other pay to maintain differentials – if only award 1% NLW will overtake other pay in 3 years. Would expect NHS	Responses noted.

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	to have fewer people on NLW rates	This is a national problem resulting in a national policy change, with the government stating it wants to ensure that work pays, and reduces reliance on the state topping up wages through the benefits system. All businesses are finding this is an increasing problem, with councils included. While it is neither practical nor desirable to maintain pay differentials in full, and it is clearly government policy not to do so, the fee model has been revised to take more account of this issue
	You have not allowed for incremental increase for staff above NLW to enable maintenance of pay differentials – how do you propose to address?	
	Providers also have to increase salaries for those higher up the pay scale in order to retain and incentivise staff	
<b>Other Inflation</b>		
	What inflation assumptions have you used? What indices have been used? The trigger threshold should be based on a combination of RPI, CPI and NLW	NLW assumed to increase as follows April 2017 £7.50 (announced), April 2018 £8.00, April 2019 £8.50, April 2020 £9.00 (outside scope of three year settlement) Other pay will be uplifted by 33% of the NLW annual % uplift, giving an increase of greater than the 1% originally proposed for other pay to help contribute towards pay differentials. Non-pay inflation of 1.6% pa, based on CPI December 2016.
	Requirement to pay sleep ins at NLW. Fee proposal does not appear to have taken this into account.	The model is based on the number of hours and cost to deliver care, residential and nursing care is 24 hour support.
<b>Pension Rates</b>		
	What % was applied for pensions?	1% to 30/9/17, 2% from 1/10/17 to 30/9/18, 3% thereafter
<b>Dementia Rate / Complexity of Need</b>		
	Council were paying dementia rate of £468.41 in 12/13 will be £469.82 2017/18. Increasing needs as move into care homes than ever before	When the 'usual rates' were set in 2014 it was decided to include

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	There is no additional payment for dementia. You should have a slightly higher rate so that you don't leave yourselves open to discrimination under the Disability Act	dementia as part of the fee due to the fact that it affected so many individuals.
	The increase in service users with complex or challenging needs, particularly in LD homes and those providing specialist dementia care, requires workers to be paid at a higher rate to reflect the challenges of the job they do and ensure they are retained... It is difficult to see how the Council can fulfil its duty to sustain a quality market and offer choice if providers cannot retain staff as a direct result of being unable to operate viable pay structures through lack of funding	The fee uplift is based on the open book review that resulted in the current 'usual price' for older people. We recognise that this may not reflect the position for LD homes. On the whole, however, they are funded on an individual costed placement fee and therefore should reflect the specific cost of care for that individual. The council would support working with the LD providers in the future to break down the cost of placements, but this work will take time to do and cannot be done for the 2017/18 financial year.
<b>Precept</b>		
	Permitted precept is 3%	Herefordshire council approved a 2% increase, not the higher amount for 2017/18. The precept % is still the maximum allowed 6% over three years.
<b>Other Issues Raised</b>		
	<b>Waste charging proposal</b> – concern in light of proposed 2% efficiency	Most care homes are already paying a charge or currently arrange their own services. This is in line with all commercial organisations already paying a charge.
	<b>Market Shaping</b> – issue of council placing service users in inadequate services. Please respond to the following questions: a) How many care homes is the Council currently placing service users with in Herefordshire? b) Please provide a breakdown of current occupancy for each of these homes c) Please provide a breakdown of the type of care provided by each of these homes d) Please provide details of the current ratings for each of these homes e) Please confirm whether any of these homes are rates	The council recognises that the Market Position Statement is out of date. We are currently reviewing and refreshing the document as detailed at the last Provider forum. A revised document is due to be considered by Cabinet very shortly. a) We have service users in across 85 care homes at any one time in Herefordshire. b) Please clarify? Occupancy at homes changes on a daily basis, we are not always aware of how many self funders the home may have. Occupancy rates are also likely to be considered commercially confidential by providers. c, This information is in the public domain and available on the CQC website

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	<p><i>“requires improvement” or “inadequate”</i></p> <p>f) Please confirm how many of the homes rated <i>“requires improvement” or “inadequate”</i> are subject to a placement suspension by the Council</p>	<p>d,e, This is also available in the public domain but currently:</p> <p>2 outstanding 73 good 7 requires improvement 2 inadequate 1 yet to be inspected</p> <p>f) The approach towards any decision to suspend placement is detailed in the attached council QAF policy. Suspension of services is seen by the Commissioner as a last resort and, apart from the most serious of circumstances, it is the intention of the Commissioner to work with Providers via an agreed Service Improvement Plan to improve the service to a level where suspension can be avoided. If it is not possible to avoid suspension of placements, the Commissioner and partners will work together with the provider to ensure that standards are improved so that the suspension of placements is in place for the minimum possible time period.</p>  <p> QAF_doc_Aug16_Final.docx</p>
	<p>LGA floor rate is £554-you pay £90 below.</p>	<p>We do not recognise where this floor rate comes from.</p>

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	<p>Assume nursing fee excludes FNC? Will any FNC uplift be passed on to providers?</p>	<p>Yes FNC is paid to providers directly by the CCG. This has been passed on in full for 2016/17. The Department of Health is clear that it is not permitted for fee rates to be reduced by councils to take account of FNC increases. Whatever the rate of FNC, this must be paid on top of the relevant council fee rate.</p>