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# Pricing Strategy

## For Older Person's Residential Care

### 2019/20

## CONSULTATION DOCUMENT

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**Date:** 15 July 2019

**Authors:** North Tyneside Commissioning Team, Adults



North Tyneside Council



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## **Introduction**

The Authority is proposing to review the weekly rates paid for residential and nursing home services 2019/20 for older people (and other client groups as appropriate) and wishes to consult with the care home market in North Tyneside on its proposals. Whilst the decision will ultimately be made by the Authority, the Authority seeks the views of care home providers and other interested parties, to inform its decision making process.

This document sets out how this consultation will take place and the subsequent decision making process that will follow, in order for the Authority to formally make the decision regarding any review of rates.

This Consultation should be read alongside the Proposed Pricing Strategy document dated 15 July 2019. A copy of this document is part of this Consultation.

The Proposed Pricing Strategy sets out proposals for:

- Setting a rate for residential care services for older people;
- Application of a differential rate for EMI (Elderly Mentally Infirm) / dementia care, using the residential rate as a basis for this;
- Application of a banded payment rate for different grades of residential care, following the completion of a quality monitoring visit and using the residential blended rate as a basis for this;
- Review of the quality monitoring tool and the scoring methodology;
- Determination of an hourly rate for additional 1:1 care, as determined following assessment and as detailed in individual support plans;
- Dealing with inflationary price increases over the life of the proposed new contract, including general cost increases and living wage increases;
- Formalising all of the above in a new three year contract / agreement.

As part of this Consultation, the Authority has a series of questions to be considered and responded to, these are set out below. In order for them to be considered as part of the Consultation process, all responses **MUST** be received by the deadline date of 12 August 2019 and as detailed in the ‘How to Respond’ section of this Consultation. The Authority will review all responses received as part of the decision making process.

## **Consultation Process**



Adult Social Care has a set of engagement standards that set out how this should take place.

The aim of this Consultation is to:

- (a) inform providers in the market about what we would like to do to improve Adult Social Care services; and
- (b) detail our proposals for setting the weekly rates for 2019/20 and subsequent years.

More information on both of these proposals can be found in this Consultation document.

The Proposed Pricing Strategy proposes a new methodology for the calculation of care home fees for older people for 2019/20 and beyond. This Consultation offers local providers and other interested parties the opportunity to have their say about this and to enable the Authority to consider your views on our proposals, alongside those of others. As part of Adult Social Care’s Engagement Standards, we will give:

- Sufficient notice and opportunity to get involved
- All the information that is known and legally permissible to be shared to aid your understanding of the issue
- Advance information on what decisions have already been made and why those decisions have been made and then what parts of the issues or decisions you can still influence
- Include details of the issues raised and responses in the decision making process

The consultation process is set out as follows, this includes the timeline and the various stages to be undertaken and completed.

- Stage 1 – issue consultation document and Proposed pricing strategy document to the care home market in North Tyneside, by email and by post;
- Stage 2 – consultation will last for 28 days and will end on Monday, 12 August 2019;
- Stage 3 – analysis of responses by the Authority and clarification sought (if required);
- Stage 4 – decision making and notification of the outcome of the decision and publishing of the final version of the Pricing Strategy.
- Stage 5 – implement Pricing Strategy and update payments to care home providers, to be backdated to 1 April 2019

## **Decision Making Process**

The Authority’s power to set care home fees is delegated under the Authority’s Constitution, to the Head of Health, Education, Care and Safeguarding. Given the important and strategic nature of this decision making process, it is proposed that the any new Pricing Strategy will be agreed by the Authority’s Cabinet.

Following this Consultation process and the consequent analysis, a report will be drafted and presented to the Authority’s Cabinet. This will seek a decision on the Pricing Strategy for older person’s residential care services.

It is planned at this stage that the report will be presented to the Cabinet meeting on 14 October 2019. From this date there is a 5 day call-in period. Following the call in period, it is proposed that the Authority will publish the decision and the formal Pricing Strategy as soon as possible.

If there are a substantial number of responses to this Consultation and / or the responses are sufficiently complex in nature, the decision report to Cabinet may need to be delayed to a later meeting, ie November 2019.

## **Consultation Questions**

The following consultation questions have been drafted to seek your views on the Proposed Pricing Strategy for older person’s residential care services in North Tyneside. Propose

The purpose of the consultation is to:

- seek feedback on the principles the Authority has used to arrive at the Proposed Pricing Strategy; and whether, in the view of consultees, there are any additional factors that should be considered;
- understand providers’ views on the likely impact of the Proposed Pricing Strategy on the financial viability of their care home; and
- understand the views of providers and voluntary sector stakeholders on the likely impact of the proposals on residents.

There are seven consultation questions set out below. Responses to these questions **MUST** be limited to no more than one side of A4 (in font size 10) for consideration. Responses must be submitted in Word format. Please note that any part of a response over the limit of one side of A4 will not be considered. Any response not received in the correct font size, will be formatted to the correct font size before review. If you are unable to respond to this Consultation in the manner described above, please let us know as soon as possible and an alternative method will be agreed.

1. Please consider the Proposed Pricing Strategy and in particular the information used by the Authority in order to arrive at the potential rates. Has the Authority taken into account all of the relevant costs of delivering residential care in North Tyneside? If not, please detail what other costs, in your view, should be considered and why.
2. The draft Pricing Schedule links the costs of dementia / EMI care to the baseline residential care cost. In your view, is this an appropriate method of calculating the costs of dementia/EMI care? If not, please explain why, and set out what you believe to be a more appropriate methodology, and explain why in your view, this is more appropriate.
3. As part of the draft Pricing Schedule, the Authority proposes to review the current quality monitoring tool for care homes. It is proposed that this will include consideration of the home’s latest CQC rating and that this will be fed into the home’s overall quality score which informs the home’s overall grade in the Proposed Pricing Strategy. It is the

Authority’s view that this methodology will have a positive impact on the quality of care delivered in North Tyneside – do you agree? If not, why?

4. It is proposed that following this Consultation, the Authority will be in a position to make a decision in relation to the care costs for the year 2019/20 and also to decide upon a methodology for increasing those fees over the following three years to 2022/23.

The Proposed Pricing Strategy proposes two methods for price increases over the years detailed above. They are:

- (a) percentage increase on baseline; or
- (b) An annual re-run of the agreed funding model?

Please confirm which of the above models you believe will more accurately address the increasing costs of delivering care in North Tyneside and explain why.

5. The Authority is proposing (for new packages and placement costs) a new 1:1 hourly rate where additional support is required. The Proposed Pricing Strategy proposes what this might be in 2019/20, and how the Authority has arrived at this proposal. In your view, does this take account of the costs of providing additional 1:1 support in North Tyneside?
6. The Authority is seeking to put in place a new three year contract (joint with the Clinical Commissioning Group) from April 2019, covering the areas set out in this Proposed Pricing Strategy document. Are there any other areas you believe should be included in the new contract? If you do make suggestions, please explain your reasons for making each suggestion.
7. Are there any other areas the Authority should consider as part of the Pricing Strategy?

## **How to Respond**

Please submit a written response to one or more of the consultation questions by:

- Email to: [commissioning@northtyneside.gov.uk](mailto:commissioning@northtyneside.gov.uk)
- Written submission to Scott Woodhouse, Strategic Commissioning Manager Adults, People Based Commissioning Team, North Tyneside Council, Quadrant, The Silverlink North, Cobalt Business Park, NE27 0BY.
- Note the response for each question is limited to no more than one side of A4 (at a font size of 10), this document or a separate response document may be used.
- If you are unable to response to this Consultation in the manner described above, please let us know as soon as possible and an alternative method will be agreed.

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Responses must be received by no later than 5.00pm on Monday, 12 August 2019. Responses received after this time / date may not be considered.

Please note any response received by the Authority may be used by the Authority in the completion of a decision report, which may be a public document. Respondee names / details will be anonymised.



## Consultation Q1

Question: Please consider the Proposed Pricing Strategy and in particular the information used by the Authority in order to arrive at the potential rates. Has the Authority taken into account all of the relevant costs of delivering residential care in North Tyneside? If not, please detail what other costs, in your view, should be considered and why.

Response:

## Consultation Q2

Question: The draft Pricing Schedule links the costs of dementia / EMI care to the baseline residential care cost. In your view, is this an appropriate method of calculating the costs of dementia/EMI care? If not, please explain why, and set out what you believe to be a more appropriate methodology, and explain why in your view, this is more appropriate

Response:

### Consultation Q3

Question: As part of the draft Pricing Schedule, the Authority proposes to review the current quality monitoring tool for care homes. It is proposed that this will include consideration of the home’s latest CQC rating and that this will be fed into the home’s overall quality score which informs the home’s overall grade in the Proposed Pricing Strategy. It is the Authority’s view that this methodology will have a positive impact on the quality of care delivered in North Tyneside – do you agree? If not, why?

Response:

## Consultation Q4

Question: It is proposed that following this Consultation, the Authority will be in a position to make a decision in relation to the care costs for the year 2019/20 and also to decide upon a methodology for increasing those fees over the following three years to 2022/23.

The Proposed Pricing Strategy proposes two methods for price increases over the years detailed above. They are:

- (a) percentage increase on baseline; or
- (b) An annual re-run of the agreed funding model?

Please confirm which of the above models you believe will more accurately address the increasing costs of delivering care in North Tyneside and explain why?

Response:

## Consultation Q5

Question: The Authority is proposing (for new packages and placement costs) a new 1:1 hourly rate where additional support is required. The Proposed Pricing Strategy proposes what this might be in 2019/20, and how the Authority has arrived at this proposal. In your view, does this take account of the costs of providing additional 1:1 support in North Tyneside?

Response:

## Consultation Q6

Question: The Authority is seeking to put in place a new three year contract (joint with the Clinical Commissioning Group) from April 2019, covering the areas set out in this Proposed Pricing Strategy document. Are there any other areas you believe should be included in the new contract? If you do make suggestions, please explain your reasons for making each suggestion.

Response:

## Consultation Q7

Question: Are there any other areas the Authority should consider as part of the Pricing Strategy?

Response:

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**North Tyneside Council**

North Tyneside Council  
People Based Commissioning Team  
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# Proposed Pricing Strategy For Older Person's Residential Care 2019/20

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**Date:** 15 July 2019

**Authors:** North Tyneside Commissioning Team, Adults



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## Introduction

This Proposed Pricing Strategy sets out the proposed arrangements for determining the price the Authority will pay to external providers for older people’s residential care provision. It includes information and evidence from a range of sources to support the recommendations to arrive at proposed fee levels for 2019/20. The Proposed Pricing Strategy also looks at the arrangements for determining increases to the fee levels in future years.

The fee levels in this report will primarily be for older person’s services for short term and long term care, but will also be used as a baseline for nursing and continuing healthcare provision.

The Proposed Pricing Strategy sets out proposals for:

- Setting a rate for residential care services for older people;
- Application of a differential rate for EMI (Elderly Mentally Infirm) / dementia care, using the residential rate as a basis for this;
- Application of a banded payment rate for different grades of residential care, following the completion of a quality monitoring visit and using the residential blended rate as a basis for this;
- Review of the quality monitoring tool and the scoring methodology;
- Determination of an hourly rate for additional 1:1 care, as determined following assessment and as detailed in individual support plans;
- Dealing with inflationary price increases over the life of the proposed new contract, including general cost increases and living wage increases;
- Formalising all of the above in a new three year contract / agreement.

## Background

The Authority is presently in discussions with Care North East – North Tyneside (CNE-NT) and other care providers in the Borough, regarding proposed residential care home fee levels for 2019/20.

Care North East – North Tyneside represents a majority of the residential and nursing care homes in North Tyneside, though it is noted it does not represent all. The Four Season’s Health Care nursing homes are not part of the CNE-NT association. CNE-NT is also part of a wider Care North East association with individual other associations operating in other Local Authority areas.

As part of the agreements on the 2017/18 and 2018/19 fee levels, the Authority stated it would want to also look at the following areas with care home providers.

- A proposed three year joint agreement between the Authority and the CCG with individual residential / nursing care homes, covering the period 2019/2022, within this having a baseline agreement around fee increases;
- The use of CQC ratings as part of the banding / payments process;

- Moving the focus of consideration from price to quality and improvement and how collectively we can improve the quality of provision across the sector in the Borough;
- CNE undertaking a cost of care exercise to identify cost indices for increases in subsequent years and used as a basis for understanding costs in North Tyneside;
- Evidence to show that national living wage increases are passed on to employees.

## **Statutory Obligations on the Authority**

In determining fee levels for residential care provision (and for other non-residential care services) in North Tyneside, the Authority must ensure it is compliant with its statutory obligations and requirements. This is set out as follows.

### Care Act 2014

The Care Act 2014 (CA 2014) details a number of obligations on the Authority, in relation to the care home sector.

Under Section 5 of the CA 2014, the Authority has a general duty to promote diversity and quality in the care and support provider market with a view to ensuring that any person in its area wishing to access services in the area:

- (a) has a variety of providers to choose from who (taken together) provide a variety of services;
- (b) has a variety of high quality services to choose from;
- (c) has sufficient information to make an informed decision about how to meet the needs in question.

In performing its duty above, the Authority must have regard to a number of matters:

- (a) including the importance of ensuring sustainability in the market (in circumstances where it is operating effectively as well as in circumstances where it is not);
- (b) the importance of fostering continuous improvement in the quality of such services and the efficiency and effectiveness with which such services are provided and of encouraging innovation in their provision;
- (c) the importance of fostering a workforce whose members are able to ensure the delivery of high quality services.

The purpose of the general duty under Section 5 is to produce a sustainable and diverse range of care and support providers to deliver better, innovative and cost effective services and support to promote the well-being of each person with a need for care and support.

This requires the Authority to:

- identify those with care and support needs
- identify what needs require prioritising
- encourage provider competition, whilst monitoring the services provided.

## Care and Support Statutory Guidance

Section 78(1) of the CA 2014 provides that the Authority, in the exercise of its functions, must act under the general guidance of the Secretary of State.

The Care and Support Statutory Guidance

(<https://www.gov.uk/government/publications/care-act-statutory-guidance/care-and-support-statutory-guidance>) (the Guidance) gives guidance on the use and application of the Care Act 2014. The following sections of the Guidance are of note:

- Para. 4.11 confirms that the Guidance describes (at a high level) the issues that local authorities should have regard to when carrying out duties to shape their local markets and commission services.
- Para. 4.16 and 4.17 encourages outcomes based commissioning, including payments by outcomes, further highlighting the flexibility afforded to local authorities when commissioning services.
- Para 4.27 confirms that local authorities should commission services having regard to the cost-effectiveness and value for money that the services offer for public funds.
- Para. 4.31 provides that when commissioning services, local authorities should assure themselves and have evidence that contract terms, conditions and fee levels for care and support services are appropriate to provide the delivery of the agreed care packages with agreed quality of care. This should support and promote the well-being of people who receive care and support and allow for the service provider to meet their statutory obligations to pay at least the national minimum wage and provide effective training and development of staff. Local authorities should have regard to guidance on the fee levels that are necessary to provide this assurance, taking account of the local economic environment.

The Guidance also offers the following tools as support for this:

- [Laing and Buisson toolkit to understand fair price for residential care](#)
- [ADASS paying for care calculator](#)

In addition, paragraph 10.27 of the Guidance, allows the Authority to, in determining how to meet needs, take into reasonable consideration its own finances and budgetary position, and must comply with its related public law duties (which includes ensuring that the funding available to the local authority is sufficient to meet the needs of the entire local population)

## **Adult Social Care Priorities – 2019/20**

Our vision is to **work alongside people, to help keep them well and safe and to do as much for themselves as possible, for as long as possible.**

Our key approaches in delivering our vision are to:

- **Act early and swiftly, with the minimal level of intervention** to promote independence and safety, and maximise the assets of each individual with their family and their community;

- **Always focus on the quality of care and support provided** through evidence based practice and the voice of people using and providing services;
- **Use integration and collaboration** with other Council services, partners and our customers, as the default way of working.

Using the three key approaches, our key priorities for Adult Social Care for the year ahead are:

- **Improving the customer experience** – taking a step back and examining what we do from our customer's perspective; ensuring customers:
  - Feel informed
  - See timely action, and
  - Receive a clear outcome
- **Responding to rising levels of complex and comorbidity need** –collaborating to engage customers, staff, the care and support market and local partners, to respond to the challenges we face
- **Effectiveness and efficiency of assessment and service delivery** – going back to basics on the purpose of assessment and care and support, ensure the customer is at the centre of everything we do
- **Using technology to promote independence and deliver services effectively** – continuing our journey to integrate technology, where it improves the wellbeing of our customers and enhances the skills and resources of our staff.

## Commissioning Intentions – 2019/20

The Authority has agreed its commissioning intentions for Adult Social Care for 2019/20 and these are set out in Appendix 1.

The key features of the commissioning intentions that have an impact on care home provision are to:

- Support people to live independently in their own home for as long as possible;
- Develop innovative solutions to support individuals and family carers to continue their caring roles;
- Develop further extra care provision across the borough with a focus on the north east of the borough and also provision of extra care for dementia;
- Work collaboratively with the CCG and with Providers to monitor the supply and demand for residential and nursing home provision across the borough, including models to support discharge from hospital.

## Current Market Provision in North Tyneside / Sufficiency of Supply

### Requirements of the Care Act

The Care Act 2014 places a duty on the Local Authority to ensuring there is a variety of providers operating in the local market to deliver a variety of services and that those services are of high quality and sustainable in delivery

Supply

There are currently 31 care homes operating in North Tyneside that primarily support older people, there are other care homes that operate and support people with a learning disability, physical disability or with mental health problems.

Of the 31 older people’s care homes:

- There are 1468 beds
- 17 homes delivering residential care only
- 13 homes delivering residential and / or nursing care
- 1 home delivering nursing / continuing health care only (this is excluded from the assessments undertaken within this report as the service delivered is at a higher level that would normally be commissioned). The baseline number of care homes therefore for the purpose of this pricing strategy is 30

These 30 care homes range in size and some are part of large national organisations whereas others are small local sole trader organisations. Equally, there is a mix of new build provision and converted older properties. The range of provision type is set out in the following table:

	<b>Small, 1-25 beds</b>	<b>Medium, 26-50 beds</b>	<b>Large, 51+ beds</b>	<b>Totals</b>
<b>Local</b>	3	3	0	5
<b>Regional</b>	2	7	2	11
<b>National</b>	0	8	5	13
<b>Totals</b>	5	18	7	30

Of the current 1286 people in the care homes (figures from w/c 17 June 2019):

- 483 are residential funded by NTC
- 61 are respite placements funded by NTC
- 186 are nursing funded by NTC and CCG
- 60 are continuing healthcare funded by the CCG
- 19 are NHS directly commissioned beds
- 109 are placements funded by other local authorities
- 368 are self-funded placements

The 1286 people in the care homes can also be broken down as follows:

- 558 residential
- 387 residential – dementia
- 204 nursing
- 137 nursing – dementia



### Changes in Care Home Provision

There has been minimal change in the external care home market in North Tyneside over the last 12 months.

There has been one home closure in this time and this was a residential home.

The owners had two homes and decided to rationalise the occupancy from two homes into one care home, due to lower levels of occupancy. A majority of the staff team and the service users moved across to the remaining home.

There are soft intelligence reports of a small number of homes that are up for sale, the Authority is only formally aware of one of them and will work with this provider to ensure sustainability of provision and the successful transfer to a new owner.

There is the wider issue with Four Seasons Healthcare and their financial sustainability but all advice from the Care Quality Commission, Local Government Association and the Association of Directors of Adult Social Services is to maintain current commissioning arrangements and treat as business as usual.

There is currently one new care home that will open in the Whitley Bay area in mid to late 2020, this will be for privately funded clients only and it is not expected to take publically funded clients through the Authority. Whilst this home will not be directly impacted by this Pricing Strategy, it may have an impact whereby it takes private clients from other care homes or who may have gone to other care homes, thereby making those care homes more reliant on publically funded clients through the Authority.

### Vacancy Levels

Week commencing 17 June 2019, there were 182 vacancies across all of the care homes operating in North Tyneside. This represents a vacancy level of approx. 12.5%. This has reduced over the last year, where it had been nearer 16%.

Whilst this is an average, it ranges from 0% in some care homes up to as high as 55% in one other care home.

The overall level and number of vacancies in individual care homes and across all care homes can have an impact on the viability and sustainability of individual care homes and the sector itself.

### Current weekly payment levels

The Authority has agreed with care home providers an interim payment level from 1 April 2019, pending further work to be completed on the cost of care home provision in North Tyneside. The purpose of this Proposed Pricing Strategy is to propose draft fee levels from 1 April 2019 and provide evidence to support this.

The following table sets out the numbers of care homes in each band and the current payment level linked to each band:

	No. of Care Homes	Interim Rate Weekly Price – general care	Interim Rate Weekly Price – dementia care
Grade 1	19	£587.09	£607.93
Grade 2	7	£551.09	£574.14
Grade 3	3	£516.32	£536.89
Grade 4	1	£487.35	£503.00

Whilst the above rates are paid to each provider for each client based on their latest quality monitoring score, the blended / average rates of these rates is £569.23 (based on commissioned places):

		2019/20 Interim	Blended Rate
<b>Residential Care</b>	Grade 1	£587.09	£569.23
	Grade 2	£551.09	
	Grade 3	£516.32	
	Grade 4	£487.35	

#### Quality of Care Home Provision – Local Authority Quality Monitoring

The current arrangement for the assessment of quality of provision by the Local Authority is linked to an annual quality monitoring visit and a subsequent report with a banding payment in place.

The assessment / quality monitoring process used for the bandings in 2019/20 is based on the following scoring methodology.

Assessment Criteria and Domains		Percentage of the overall score
Quality monitoring tool and on-site assessment	Is the service safe?	70%
	Is the service effective?	
	Is the service caring?	
	Is the service responsive?	
	Is the service well led?	
Physical environment, assessment on the day by the Commissioning Officer		5%
Environment score based on GLP tool		25%

The current quality monitoring tool includes five domains / outcome areas. There are also a number of sub-outcome areas and measures in place to be able to capture the right information and evidence to support the overall outcome score and rating.

In addition, weightings for eight of the sub outcome areas which were identified as high priority outcomes have been introduced.

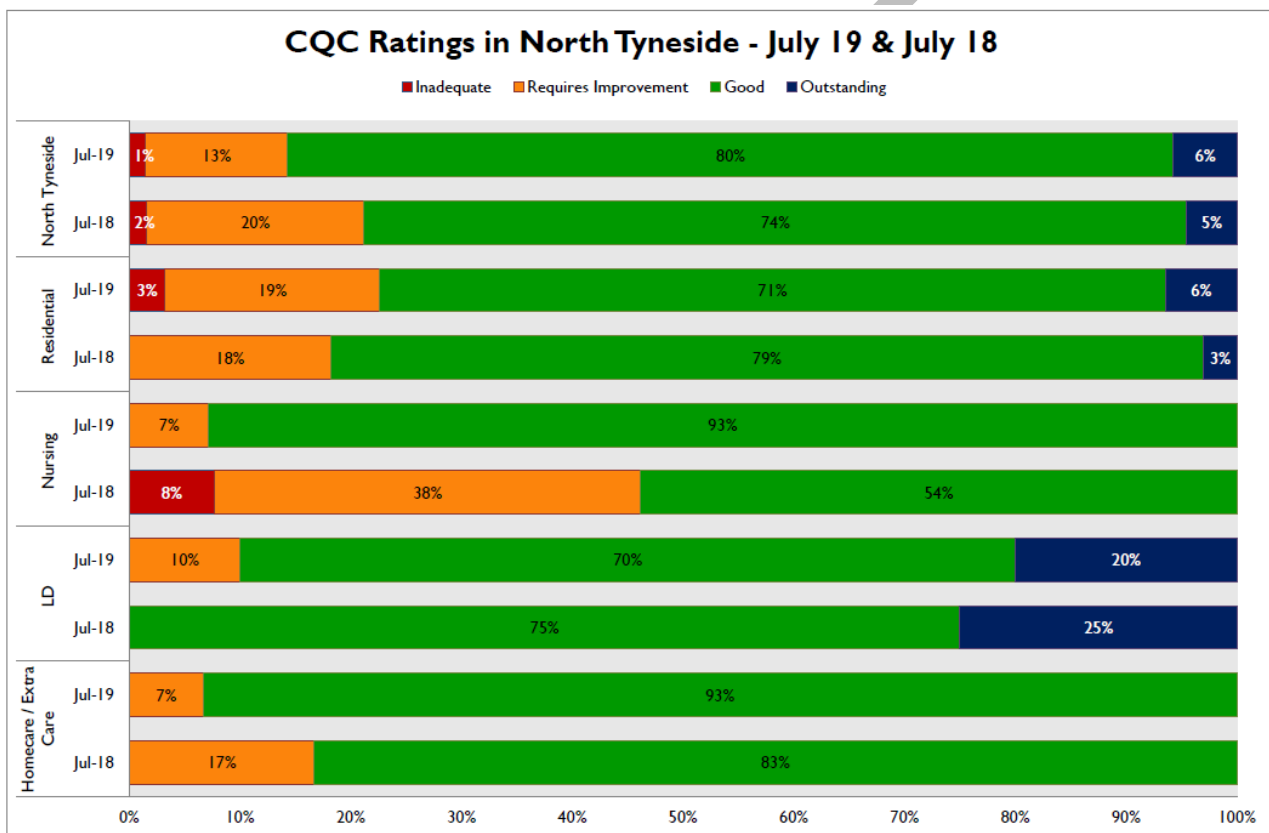
Overall, from the last series of quality monitoring visits in 2018 against the previous ones in 2016, there was an overall reduction in the average score from 84.85% to 81.22%. It is felt that this was due to the introduction of the weightings to the scoring methodology.

There is a need to further review the quality monitoring methodology and the assessment process alongside the prices paid for each of the band levels.

Consideration of this is set out later in this document.

Quality of Provision – Care Quality Commission

Over the last year we have seen an overall improvement in the CQC ratings following inspections of residential and nursing homes in North Tyneside, with a significant change / reduction in the number of nursing home services that were inadequate or requires improvement.



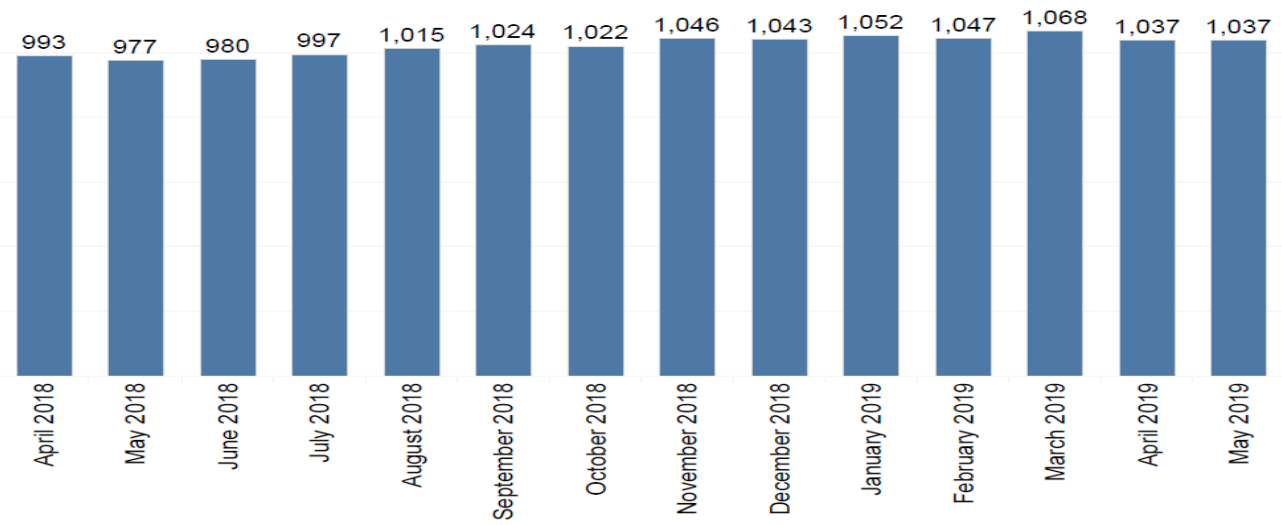
**Current Market Requirement in North Tyneside**

Demand

The number of people in care home provision funded by North Tyneside Council has increased slightly over the last year. This will include placements in care homes outside of North Tyneside.

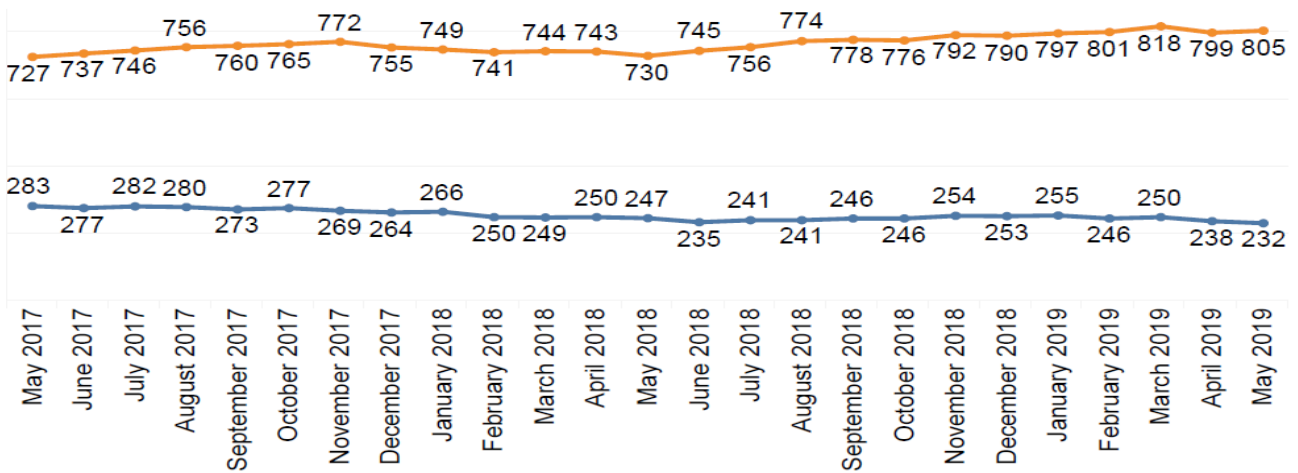
# Adult Social Care – Proposed Pricing Strategy for Older Person’s Residential Care – July 2019

Number of clients that received Nursing and Residential Care in each month (exc. CHC)



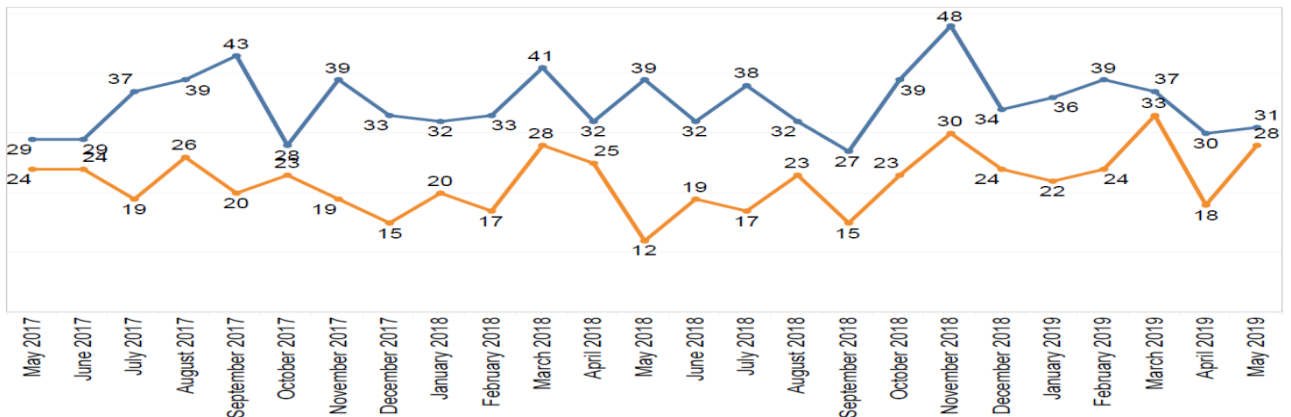
When looking at the split between residential and nursing numbers we have seen a reduction in numbers of people in nursing beds against an increase in residential beds.

Number of clients that received Nursing and Residential Care in each month by Service Setting (exc. CHC)



Overall, though there is a reduction of new placements into care home provision.

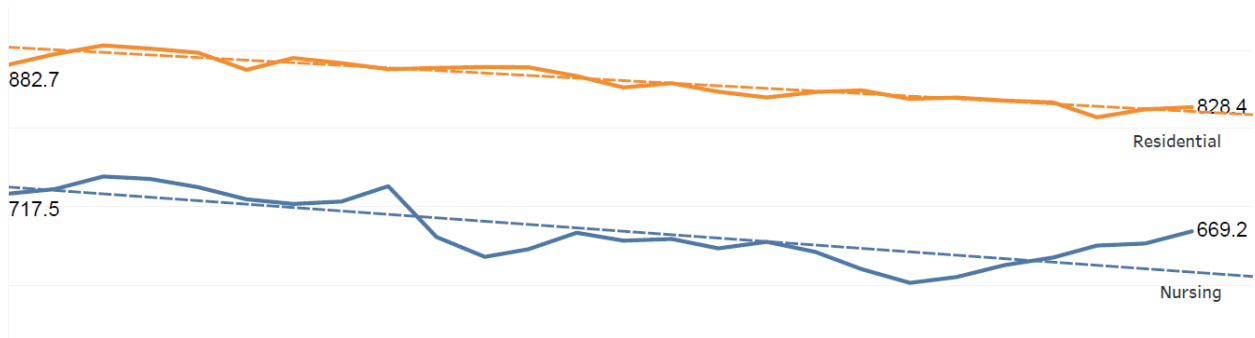
New Admissions



The Authority continues to be committed to its strategy of supporting people to continue to live at home for as long as possible and delay the need for residential based care and support wherever possible.

As we do this, those moving into residential / nursing care will be more dependent.

Average number of bed nights for clients in care on last day of month (65+) (excluding CHC)



The average length of stay for both residential and nursing care has reduced over the last two years

## **Pricing Models – Care Home Provision**

There are a number of different pricing models or organisations that can undertake a care cost exercise based on care home information.

The Chartered Institute of Public Finance and Accountancy was commissioned by the Department of Health (DH), the Local Government Association (LGA) and the Association of Directors of Adult Social Services (ADASS) to co-ordinate production of this guide in agreement and consultation with the Care Provider Alliance (CPA), as part of a joint programme of work to support the implementation of the Care Act.

The guide was published in January 2017 - <https://www.cipfa.org/policy-and-guidance/reports/working-with-care-providers-to-understand-costs>

Within the guide there were two examples, one from Laing & Buisson and one from ADASS setting out illustrative examples of the costs associated with the delivery of residential care.

It is clear from the guidance, that the information from Laing & Buisson and ADASS is illustrative and helpful to demonstrate the range and levels of costs and that they are not intended to be definitive.

The following information uplifts the costs based on changes in the National Living Wage and the Consumer Price Index from April 2016 to date.

Laing & Buisson Model

Appendix 2 shows the breakdown of the costs in the Laing & Buisson model. The increase in the national living wage and the consumer price index has been applied on the basis of a 70:30 split in cost to bring the costs up to date.

	Indicator	Percentage Uplift	Aggregated Percentage Uplift	Weekly Cost	Updated weekly cost with ROCE (£63.98)
Baseline cost – April 2016				£461.60	
Increase – April 2017	National Living Wage	4.2%	3.6%	£478.22	
	Consumer Price Index	2.3%			
Increase – April 2018	National Living Wage	4.4%	3.8%	£496.39	
	Consumer Price Index	2.5%			
Increase – April 2019	National Living Wage	4.166%	4.0%	£516.24	£580.22
	Consumer Price Index	2.3%			
Comparison – Current Interim Proposal – Fees 2019/20 (Grade 1)					£587.09

ADASS Model

The increase in the national living wage and the consumer price index is applied on the basis of a 70:30 split in cost.

	Indicator	Percentage Uplift	Aggregated Percentage Uplift	Weekly Cost	Updated weekly cost with ROCE (£63.98)
Baseline cost – April 2016				£463.00	
Increase – April 2017	National Living Wage	4.2%	3.6%	£479.67	
	Consumer Price Index	2.3%			
Increase – April 2018	National Living Wage	4.4%	3.8%	£497.90	
	Consumer Price Index	2.5%			
Increase – April 2019	National Living Wage	4.166%	4.0%	£517.82	£581.80
	Consumer Price Index	2.3%			
Comparison – Current Interim Proposal – Fees 2019/20 (Grade 1)					£587.09

### Care Fund Calculator Model

This is the tool the Local Authority has used in order to arrive at the draft proposed rates in this Draft Pricing Strategy for 2019/20.

The care fund calculator model uses a range of service and staffing inputs to calculate a cost range for care home provision. The model takes account of a range of cost indices to ensure that the costs used in the model are specific to the locality / area.

The model also uses living wage information and employee cost indicators. Appendix 4 to this document sets out the detail of this.

Information from 30 older person's homes in North Tyneside has been received and analysed as part of this review work. This includes dependency tool information that is used to determine staffing levels based on the needs of clients living in the home at a given point in time. This information together with the data held within the care fund calculator model is used to determine a cost range for care home costs.

The costs in the calculator take account of the "social care" "care home" costs only and do not include any nursing costs. It is proposed that all costs associated with nursing care will be met through the funded nursing care element of the placement (from April 2019 this is set at £165.56 per week). Information in relation to nurses and nursing provision has been excluded from this analysis. In addition the figures exclude any continuing health care costs as these will be met by the CCG through the CHC top up of £60.00 per week from April 2019. Though it is noted and accepted that the CCG use the social care base cost, the FNC cost and the CHC top up cost to calculate the overall payment of the CHC placement.

The analysis from the 30 care homes includes:

- Employee daytime care costs, including on-costs
- Employee shared night time care costs, including on-costs
- Management costs
- Support staff costs
- Non-staff costs

Any additional 1:1 hours in place at the time of undertaking this work are excluded. However the care fund calculator tool can identify and quantify the cost of additional 1:1 support for individuals.

The employee on-costs take account of the following:

- National insurance - 6.4%
- Holiday - 32 days per annum
- Sickness - 5.5 days per annum
- Pension - 1.8%
- Training - 5 days per annum

The following rates of pay are included in the tool for the overall calculation:

- Care staff – basic grade - £8.49 per hour (£10.66 including on-cost)
- Care staff – senior grade - £9.26 per hour (£11.63 including on-cost)
- Administration staff - £10.08 per hour (£12.66 including on-cost)
- Deputy Manager - £12.10 per hour (£15.20 including on-cost)
- Manager - £21.14 per hour (£26.55 including on-cost)

For reference the National Living Wage from 1 April 2019 is set at £8.21, the tool uses a rate higher than this based on evidence on rates of pay from the NMDS dataset, more information on this can be found at appendix 4.

The Care Fund Calculator tool takes account of the effective and efficient operation of care home provision and includes cost indicators based on information sourced from services and provisions around the country. The tool also takes account of local cost indicators and markets. This is used to arrive at one weekly cost – the “blended rate”. The tool does not consider the direct / total operating costs for each provider operating in North Tyneside.

## Care Costs in North Tyneside – Care Fund Calculator Model

### Weekly costs

In summary, the blended cost from the care fund calculator tool shows a weekly cost of **£572.60** per week.

This is broken down as follows:

Cost Type	Cost	Percentage	Summary %age
Daytime care costs	£176.60	30.84%	60.98%
Shared night time costs	£78.53	13.72%	
Management costs	£58.20	10.16%	
Support staff costs	£35.87	6.26%	
Sub-total of staff related costs	£349.20		
Non-staff costs	£223.40	39.02%	39.02%
<b>Total – all costs – blended rate</b>	<b>£572.60</b>	<b>100%</b>	<b>100%</b>

This is further broken down in the table in Appendix 5.

The above care costs take account of the following average staffing ratios, these are taken directly from the information supplied by care homes in their dependency calculator tools.

Care Type	Staffing Ratio to Clients
Day time care staff ratio	1:5.7
Night time care staff ratio	1:10.1



The blended rate can then be used as a basis for the calculation of the rates for each of the grades. This is done on the basis of the proportion of current costs and placement numbers across homes / placements in North Tyneside.

This is set out as follows:

		<b>2019/20 Proposed</b>	<b>Blended Rate</b>
<b>Residential Care</b>	Grade 1	£590.57	£572.60
	Grade 2	£554.35	
	Grade 3	£519.38	
	Grade 4	£490.24	

The rates for dementia care can be further increased by 3.70%, this is the current differential in general / dementia rates. This is further set out as follows:

	<b>No. of Care Homes</b>	<b>Proposed Weekly Price – general care</b>	<b>Proposed Weekly Price – dementia care</b>
Grade 1	19	£590.57	£612.42
Grade 2	7	£554.35	£574.86
Grade 3	3	£519.38	£538.60
Grade 4	1	£490.24	£508.38

#### Hourly costs for additional 1:1 staff

There are an increasing number of situations where additional 1:1 support is required for individuals in care home placements. This is led and determined through the assessment of need and is negotiated with each care home on an individual basis.

It is proposed therefore to introduce a new standardised cost for additional 1:1 carer support which can then be ‘added on’ to a given package as required.

The Care Fund Calculator tool gives the ability to include additional hours for an individual resident. This has been done on the basis of an additional 7 hours per week, 14 hours per week and 21 hours per week to take account of different situations of different requirements.

From this the average hourly rate over and above the standard weekly cost is calculated at £10.86, this is based on pay rate of £8.49 per hour (£10.66 with employer on-costs) plus additional other costs of £0.20.

It is recognised there is also an additional administrative cost associated with this. It is expected the default position is that additional hours will be offered to the existing staff team, including bank staff by default. However there maybe circumstances where there is the need to bring in agency staff to cover the additional 1:1 hours and it is recognised there is an additional cost associated with that.

The following table sets out these costs:

Care Staff	Care Staff Basic Rate	Including Other Costs	Including 20% Agency Cost	Including 20% Administration Cost
Using directly employed staff	£8.49	£10.86	N/A	<b>£13.20</b>
Using agency staff	£8.49	£10.86	£13.20	<b>£15.54</b>

## Review of Quality Monitoring Tool

The current version of the quality monitoring tool has been in place for a number of years and a review of this is currently overdue.

The current quality monitoring tool that was used for the gradings in 2019/20 is based on the following:

Assessment Criteria and Domains		Percentage of the overall score
Quality monitoring tool and on-site assessment	Is the service safe?	70%
	Is the service effective?	
	Is the service caring?	
	Is the service responsive?	
	Is the service well led?	
Physical environment, assessment on the day by the Commissioning Officer		5%
Environment score based on GLP tool		25%
<b>Total</b>		<b>100%</b>

The grading linked to score is as follows:

	Quality Monitoring Score %
Grade 1	80 – 100
Grade 2	70 – 79.99
Grade 3	60 – 69.99
Grade 4	Less than 60

The GLP scoring was first used as part of the original cost of care exercise that was completed previously. It takes account of various environmental aspects of the provision such as room sizes, single rooms, corridor widths and was completed at a time originally when there was a range of different. At that time there was a level of importance to ensure

the accommodation and environmental standards were increased and this, over time, resulted in a number of new build care homes coming into the market.

The Authority now has a sufficient level of care homes and does not need at this time new provision in North Tyneside to meet future demand. It is therefore proposed to reduce the percentage of the GLP score in the quality monitoring score.

The Authority wishes to re-introduce the Independent Visitors process and has commissioned Healthwatch to undertake these visits across all care homes and the Authority proposes to include the results from this into the quality monitoring score.

The Authority wishes to introduce the Care Quality Commission rating outcome into the quality monitoring score. This will provide greater focus on the outcome of the CQC inspection and will increase the overall standard of care, quality of provision and overall ratings across North Tyneside. The feed into the quality monitoring score will be the latest published CQC inspection rating at the time the Authority’s gradings are finalised and published. However, throughout the year, as new CQC inspections are undertaken and new ratings published, the Authority will update this in the quality monitoring score and notify the provider of the outcome, any change will be effective from the date the CQC inspection report and rating is published. For clarity this may mean that gradings and payments to homes may increase mid year but equally they may decrease.

Where a care home is rated by CQC as inadequate the Authority will reserve the right to suspend placements and admissions into that home, where the subsequent CQC rating is also inadequate the Authority reserves the right to decommission existing placements in that care home.

As a result of the above the Authority proposes the following revised

<b>Assessment Criteria and Domains</b>		<b>Percentage of the overall score</b>
Quality monitoring tool and on-site assessment	Is the service safe?	60%
	Is the service effective?	
	Is the service caring?	
	Is the service responsive?	
	Is the service well led?	
Environment assessment (on the day)		
Environment score based on GLP tool		10%
Independent Visitor – user voice		5%
Care Quality Commission rating <ul style="list-style-type: none"> <li>▪ Outstanding – 25</li> <li>▪ Good – 20</li> <li>▪ Requires improvement – 10</li> <li>▪ Inadequate – 0</li> </ul>		25%
<b>Total</b>		<b>100%</b>

The grading linked to score is as follows:

	Quality Monitoring Score %
Grade 1	85 – 100
Grade 2	70 – 84.99
Grade 3	60 – 69.99
Grade 4	Less than 60

## Dealing with Future Inflationary Price Increases

The present draft contract for residential care services provides for annual increases in the rates paid. Historically these have been linked to general cost of living increases.

However, over the last three years with the introduction of the National Living Wage and the above inflationary increases, the Authority has taken account of the additional cost increase with this and applied a higher percentage to employee cost element of the overall price.

In the increase in April 2019, this was calculated at 4% on the basis of:

Inflator	Proportion of cost	% increase	Total increase
Living wage (November 2018)	0.70	4.85%	3.40%
Consumer price index (Jan 2019)	0.30	1.80%	0.54%
<b>Total</b>			<b>3.94%</b>

Whilst the above proportion of cost is based on 70:30 split, the cost breakdown in the Care Fund Calculator tool is 61:39 (see page 15 above for reference).

There are two options for dealing with future inflationary increases.

- (a) A percentage increase on baseline cost based on a methodology of a split proportion of Living Wage and Consumer Price Index increases; or
- (b) An annual re-run of the agreed funding model?

Equally, the cost breakdown in the Care Fund Calculator tool gets uplifted in advance of April in each year and there is the option to re-run the modelling used in this pricing strategy in each year to determine the fees.

The Authority’s preference is to re-run the agreed funding model in March of each year to calculate fees from April in the forthcoming year. This gives a high degree of transparency about the costs and breakdown on costs in each year.

Weekly rates payable to individual care homes will be able to be determined from this and also the outcome of the quality monitoring exercise to determine individual home grades.

## Impact Assessment

An impact assessment has been completed and this is included at Appendix 6. This sets out the detail of the proposed pricing strategy and how this will impact on care home providers, residents and other stakeholders.

The impact assessment will be updated following the consultation exercise.

## Appendices

Appendix 1	ASC Commissioning Intentions 2019/20
Appendix 2	Laing & Buisson breakdown of costs in residential care
Appendix 3	ADASS breakdown of costs in residential care
Appendix 4	CareCubed Care fund Calculator Model
Appendix 5	Breakdown of costs
Appendix 6	Impact Assessment

## Appendix 1 – Adult Social Care Commissioning Intentions 2019/20



North Tyneside Council

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# Adult Social Care Commissioning Intentions 2019/20

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**Improving the customer experience** – taking a step back and examining what we do from our customer's perspective; ensuring customers feel informed, see timely action and receive a clear outcome:

- Capture user experiences of services and feed these into reviews to ensure that services provided in North Tyneside are of high quality and offer value for money
- Promote choice and a range of support options for people
- Ensure services are cost effective and that payment processes are in place
- Procure a new contract for advocacy to ensure we meet our statutory advocacy requirements.

**Responding to rising levels of complex and comorbidity need** –collaborating to engage customers, staff, the care and support market and local partners, to respond to the challenges we face:

- Award of home care and extra care contracts and ensuring sufficiency of supply across North Tyneside with effective and efficient service delivery
- Grow the social care workforce to ensure there is a suitable supply of competent and well trained care and support staff
- Ensure a range of accommodation based services exist to support people to maintain independence in the community by:
  - Increasing extra care provision across the borough, especially to support people with a dementia
  - Further development of the Shared Lives offer
  - Ensuring housing for people with a disability is suitable to meet the needs of the individual
  - Working with health and education to review and develop the care, support and accommodation provision under Transforming Care
  - Developing supported accommodation options for people who present with a range of challenges, such as:

homelessness; mental health; and drug or alcohol needs

- Review of crisis and respite support for working age clients with mental health needs.
- Continue to work with the CVS to provide a range of preventative services
- Develop North Tyneside Autism Strategy
- Support people in their caring role by improving how we identify and support carers' health and wellbeing needs and access to a personal budget
- Work collaboratively with the CCG and with Providers to monitor the supply and demand for residential and nursing home provision across the borough, including models to support discharge from hospital.
- Review and develop the range of community based day services and outreach provision to support people with complex needs.

**Effectiveness and efficiency of assessment and service delivery** – going back to basics on the purpose of assessment and care and support, ensure the customer is at the centre of everything we do:

- Promote choice and a range of support options for people
- Continue to promote the use, uptake and benefit of direct payments / personal budgets for individuals
- Develop Personal Assistant model and availability of PA's to support people with a direct payment.
- Ensure new social prescribing contract is embedded in prevention
- Continue to promote progression and recovery models of support.

**Using technology to promote independence and deliver services effectively** – continuing our journey to integrate technology, where it improves the wellbeing of our customers and enhances the skills and resources of our staff:

- Enhance and promote the Assistive Technology offer as an alternative to care or to compliment care packages.

## Appendix 2 – Laing & Buisson breakdown of costs

Extract from CIPFA guide – Working with care providers to understand costs

<https://www.cipfa.org/policy-and-guidance/reports/working-with-care-providers-to-understand-costs>

### LaingBuisson breakdown of costs in residential care

[note that this breakdown excludes rent]

Revenue cost head – sample breakdown	2016 – estimate <i>Illustrative</i>	
	Nursing £	Personal £
Nursing costs	151.74	
Care costs	201.75	201.75
Domestic and other hourly-paid staff	85.66	85.66
Salaried staff	31.58	31.58
Food	26.71	26.71
Utilities, phone, Council Tax	24.99	24.99
Insurance	4.94	4.94
Registration fees	3.47	3.47
Recruitment	2.73	2.73
Direct training expenses	1.89	4.18
Cleaning, uniforms, disposal, waste,	16.72	12.09
Travel, outings, TV	2.02	2.92
Externally purchased services	4.10	4.71
Other non-staff current expenses	13.04	13.04
Repairs and maintenance	39.03	39.03
General overheads	3.79	3.79
<b>Total of these revenue costs</b>	<b>614.16</b>	<b>461.60</b>

## Appendix 3 – ADASS breakdown of costs

Extract from CIPFA guide – Working with care providers to understand costs

<https://www.cipfa.org/policy-and-guidance/reports/working-with-care-providers-to-understand-costs>

### ADASS breakdown of costs in residential care

[note that this breakdown includes rent]

Residential care	2015/16 model	Uplifted rate 2016/17
<b>Bed number</b>	48	48
<b>Occupancy</b>	94%	94%
<b>Beds filled</b>	45	45
<i>Cost heads per resident per week</i>		
<b>Care costs per resident</b>		
Qualified nurse staff		
Care assistant staff (including activities)	160	176
Management/administration/reception staff	33	33
Catering, cleaning and laundry staff cost per resident	45	46
Training expenses	5	5
Registration fees and recruitment	4	5
Corporate overhead	25	27
<b>Total staff</b>	<b>271</b>	292
<b>Accommodation costs per resident</b>		
Food	26	26
Utilities (gas, oil, electricity, water, telephone)	10	13
Catering, cleaning and laundry staff cost per resident		
Handyman and gardening (on contract)	7	7
Insurance	5	5
Non-food supplies and rentals	4	4
Repairs and maintenance (revenue costs)	16	16
Rent and mortgage payment	92	92
Corporate overhead	8	8
<b>Total accommodation costs</b>	<b>168</b>	171
<b>Total of these revenue costs (add assumed £151 for nursing care)</b>	<b>439</b>	<b>463</b>



## Appendix 4 – CareCubed Care Fund Calculator Model

Note – this information comes directly from CareCubed and identifies how the model deals with various aspects of the costs of delivering residential care provision.

### 1 Summary

The CareCubed cost model is reviewed and updated every year to ensure that it continues to provide a good basis for negotiation of care packages. CareCubed is designed to provide a transparent, fair price for care packages, based on the needs of the individual person supported, that is fair to both commissioners and providers.

This year CareCubed will be updated with revised cost data ready for 4th March 2019.

Each year as a minimum, the following changes are applied:

- property prices are updated in line with Land Registry data
- hourly rates are updated in line with inflation
- non-staff costs are updated in line with inflation.

More comprehensive reviews and updates are undertaken as necessary, based on user feedback, policy development, and general economic conditions. This year we have undertaken a more comprehensive review and update of:

- hourly rates
- employer on-costs
- cost groups

### 2 Skills For Care and National Minimum Data Set for Social Care

This year we commissioned an extensive review of the CareCubed hourly rates, employer on-costs, and cost groups. We were looking for robust analysis based on an extensive and reputable data set, so chose Skills for Care.

Skills for Care helps create a well-led, skilled and valued adult social care workforce. They’re a trusted independent charity with over 18 years’ experience in workforce development, working as a delivery partner for the Department of Health and Social Care.

Their **National Minimum Data Set for Social Care** (NMDS-SC) is an online data collection system which means they are the leading source of workforce data for the adult social care sector in England. It holds information on approx. 22,000 care providing locations and 750,000 workers.

### 3 Changes to cost model

#### 3.1 Staff costs

##### 3.1.1 Hourly rates including new National Living Wage

Hourly rates for England have been analysed across the NMDS-SC. In brief, “current” rates have been established and then an allowance made for the increase in National Living Wage (NLW) on 1st April 2019.

The increase in NLW on 1st April 2019 from £7.83/hr to £8.21/hr, is an increase of 4.9%. The impact of this is greatest on the lower paid workers, with smaller increases for the higher paid workers.

Rates for Scotland and Wales have been determined by matching of Office of National Statistics (ONS) data to English comparators.

### 3.1.2 Sleep-in rates

For the purpose of national living wage (NLW) compliance, government guidance in 2017 was that all hours of sleep-in shifts should be counted as working hours. Therefore in March 2018 we adjusted sleeping-in rates in the CareCubed model with each hour of a sleep-in shift paid at NLW level.

In July 2018, the Court of Appeal overturned the previous employment tribunal ruling in *The Royal Mencap Society v Tomlinson-Blake* case, so now sleep-in shifts do not necessarily count as working hours for the purposes of national minimum wage/national living wage.

However, on 13th February 2019, the Supreme Court granted permission for an appeal against last summer’s Court of Appeal judgment affecting care workers on sleep-in shifts. Given the uncertainty of the position, iESE have chosen to continue with each hour of a sleep-in shift paid at NLW level in the CareCubed model.

We will review it again once the Supreme Court have decided the outcome of the appeal.

### 3.2 On costs

On-costs are the additional costs to employers above the hourly rates paid to staff e.g. national insurance and pension contributions, and payment for times when the staff member is not delivering care e.g. sick, holiday, training.

Worker-level pay records in NMDS-SC were analysed to calculate effective rates for NI and pensions, taking into account pay thresholds for contributions. The resultant NI figure is 6.4%.

On 1st April 2018, the minimum employer pension contribution rises from 2% to 3% of **eligible** earnings. We have amended the pension contribution in CareCubed to 1.8% of all staff pay.

Note: The lower threshold for eligible earnings is £6136 p.a. for 2019/20 i.e. employer pension contributions are not due on the first £6136 p.a. of earnings. For staff earning at or near NLW, this represents a significant proportion of their earnings on which employer pension contributions are not due, and the figure of 1.8% in CareCubed takes that into account.

NMDS-SC includes data on number of days sickness for each directly-employed member of staff, and this has been used to review the allowance for sickness in CareCubed, which has been amended to 5.5

### 3.3 Non-staff costs

Typically we increase non-staff costs by the GDP deflator index published by PSSRU, with any adjustment as necessary for difference between the previous year’s estimated figure (as applied in last update to CareCubed) and actual figures now published by PSSRU. This year the net increase applied to non-staff costs is 1.9 %.

### 3.4 Cost Groups

Cost groups have been reviewed and reworked with reference to ONS data and NMDS-SC pay data.

As previously, this has resulted in 4 cost groups ranging from lowest (cost group 1) to highest (cost group 4) cost areas. However, allocation of local authorities to cost groups has changed in some cases.

### 3.5 Property costs (ROCE)

For residential cases, the return on capital employed (ROCE) calculation uses a 3-year rolling average of house prices per local authority district and property type. We have updated the calculation to use the most recent year’s data as follows:

- For England and Wales using Land Registry data to Dec 2018.
- For Scotland, using Registers of Scotland data to Nov 2018.

A ROCE rate of 13% has been used in the Care Funding Calculator. This rate is applied to the value of the property as defined above. This is a blended rate based on an assumption that the provider organisation will have financed the purchase of the property through a combination of 20% commercial investment and 80% mortgage. The 20% investment assumes a requirement for a 15-20% return, the 80% mortgage, a requirement for an 8% return. This methodology was recommended following research commissioned from the University of West England (UWE).

A weighting has been applied to Land Registry data on which the ROCE is calculated of 55% of average for cost group 1, 60% of average for cost groups 2, 3 and 4. This decision is based on 2 factors:

- i. research with providers whose median stated costs for ‘mortgage’ or ‘rent’ plus ‘profit’ was usually lower than the amounts indicated by the average costs using random test locations.
- ii. an expectation that providers of services will seek cost-efficient properties in an area from which to deliver services. These properties are likely to be below average value compared to the district as a whole.

The ROCE is divided equally between the number of service users in the home.

ROCE replaces the elements of ‘profit’, ‘mortgage’ and ‘rent’ where these have been used in other costing models.

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## Appendix 5 – Breakdown of Costs

<b>Calculations</b>		
<b>Daytime care costs</b>		
		<b>Subtotal</b>
Day hours - basic grade	£176.60	
Day hours - senior grade	£0.00	
Day hours - nurse	£0.00	<b>£176.60</b>
<b>Night time care costs</b>		
		<b>Subtotal</b>
Sleeping in Staff	£0.00	
Waking night	£78.53	<b>£78.53</b>
<b>Management &amp; Nursing</b>		
		<b>Subtotal</b>
Nurse	£0.00	
Senior Care (Shift Leader)	£20.10	
Deputy	£14.05	
Manager	£24.05	<b>£58.20</b>
<b>Support staff</b>		
		<b>Subtotal</b>
Administration	£15.94	
Other care	£19.93	<b>£35.87</b>
<b>Non-Staff Costs</b>		
		<b>Subtotal</b>
Food / Provisions	£34.56	
Social Activities	£9.07	
Transport	£11.91	
Holidays	£0.00	
Utilities: H/L/W	£14.32	
Building maintenance	£18.78	
Cleaning materials	£4.20	
Insurance	£5.30	
Office costs	£33.55	
Reg Fees (CQC)	£2.95	
Recruitment costs	£1.34	
Staff training	£3.66	
Contingency & Other	£19.78	
Return on capital (for owned properties)	£63.98	<b>£223.40</b>
<b>Total</b>		<b>£572.60</b>

## Appendix 6 – Impact Assessment

1. Author, service area, date

*Scott Woodhouse, Strategic Commissioning Manager Adults, People Based Commissioning Team, 8 July 2019*

2. Who else has been involved in writing this EIA?

*Adult Social Care, Finance, Legal*

3. What proposal is this EIA assessing?

*Pricing strategy for Adult Social Care for residential care provision for older people – 2019/20.*

4. What is the purpose of your proposal and what is it expected to achieve?

*The purpose of the proposal is to consider the development of a pricing strategy and set of baseline costs for the commissioning of residential care placements from the external care sector.*

*Each year the Authority is expected to agree a set of rates with care home providers and in doing so take account of the cost of providing the care being delivered. Any annual increase in fees will take account general price increases, ie consumer price index and employee wage increases, ie national minimum wage or national living wage.*

*The pricing strategy sets out proposals for:*

- *Setting a rate for residential care services for older people;*

**Adult Social Care – Proposed Pricing Strategy for Older Person’s Residential Care – July 2019**

- *Application of a differential rate for EMI / dementia care, using the residential rate as a basis for this;*
- *Application of a banded payment rate for different grades of residential care, following the completion of a quality monitoring visit and using the residential blended rate as a basis for this;*
- *Review of the quality monitoring tool and the scoring methodology;*
- *Determination of an hourly rate for additional 1:1 care, as determined following assessment and as detailed in individual support plans;*
- *Dealing with future inflationary price increases, including general cost increases and living wage increases;*
- *Formalising all of the above in a new three year contract / agreement.*

5. Is there any relevance to the aims of the public sector equality duty?

<b>Aim</b>	<b>Yes, No, or N/A</b>	<b>Details if ‘yes’</b>
<i>Eliminate unlawful discrimination, victimisation and harassment</i>	No	
<i>Advance equality of opportunity between people who share a protected characteristic and those who do not</i>	Yes	<p><i>This EIA includes steps taken to eliminate discrimination, victimisation and harassment. The rates to be applied will be used transparently and equitably whether the service is commissioned by the Local Authority or a person makes their own arrangements. The rates will set a baseline for the Authority to determine its standard costs for residential care placements and can be used as a baseline for privately funded placements though it is acknowledged that care home providers may charge a different and higher rate for privately funded placements.</i></p> <p><i>This EIA aims to show that people with a protected characteristic are not treated with any disadvantage in comparison to service users without a protected characteristic.</i></p>
<i>Foster good relations between people who share a protected characteristic and those who do not</i>	No	

6. Analysis by characteristic

Protected characteristic	Potential positive or negative impact?	Explanation and evidence
Age	Neutral	<p><i>The placements to be made within this pricing strategy will generally be for older people, ie people over the age of 65. The pricing strategy does change depending on the age of the individual. All placements for people over the age of 65 (ie pensionable age) will be paid at the same rate in each home.</i></p> <p><i>The pricing strategy will apply for all state funded placements and does not affect those people with the ability to pay for their care privately. Where state funded the pricing strategy does not impact on the charge / contribution paid by individuals – this will be determined separately by the financial assessment.</i></p>
Disability	Negative	<p><i>All of the people in residential placements in care homes for older people will have eligible care and support needs as determined by the Care Act 2014.</i></p> <p><i>There is a differential / enhanced payment in place for people with a dementia as it is recognised this will likely result in increased costs for the provider to care and support for these individuals, ie increased training costs, wage costs or staffing levels (due to higher dependency overall). In addition to this there is a further payment for nursing services that is set at a national level by the Department of Health and Social Care and also a locally determined payment level for continuing healthcare clients. Payment for both of these is the responsibility of the NHS / Clinical Commissioning Group.</i></p> <p><i>The fixed rate needs to be evidenced to be accurately calculated and sustainable to providers delivering services in North Tyneside. There is a risk that choice of provider will be limited as some providers may not be able to deliver services at the rate set by the Local Authority. Many Providers have already made efficiencies and passed these on to the Local Authority.</i></p>



**Adult Social Care – Proposed Pricing Strategy for Older Person’s Residential Care – July 2019**

Protected characteristic	Potential positive or negative impact?	Explanation and evidence
		<p><i>The pricing strategy will apply for all state funded placements and does not affect those people with the ability to pay for their care privately. Where state funded the pricing strategy does not impact on the charge / contribution paid by individuals – this will be determined separately by the financial assessment.</i></p>
Gender	N/A	<p><i>The rates paid will be the same irrespective of client gender.</i></p> <p><i>The pricing strategy will apply for all state funded placements and does not affect those people with the ability to pay for their care privately. Where state funded the pricing strategy does not impact on the charge / contribution paid by individuals – this will be determined separately by the financial assessment.</i></p>
Gender reassignment	N/A	<p><i>The rates paid will be the same irrespective of client gender reassignment.</i></p> <p><i>The pricing strategy will apply for all state funded placements and does not affect those people with the ability to pay for their care privately. Where state funded the pricing strategy does not impact on the charge / contribution paid by individuals – this will be determined separately by the financial assessment.</i></p>
Marriage and civil partnership status	N/A	<p><i>The rates paid will be the same irrespective of client marital or civil partnership status.</i></p> <p><i>The pricing strategy will apply for all state funded placements and does not affect those people with the ability to pay for their care privately. Where state funded the pricing strategy does not impact on the charge / contribution paid by individuals – this will be determined separately by the financial assessment.</i></p>
Pregnancy and maternity	N/A	<p><i>The rates paid will be the same irrespective of client pregnancy or maternity status.</i></p> <p><i>The pricing strategy will apply for all state funded placements and does not affect those people with the ability to pay for their care privately. Where state funded the pricing strategy does not impact on the charge / contribution paid by individuals – this will be determined separately by the financial assessment.</i></p>

**Adult Social Care – Proposed Pricing Strategy for Older Person’s Residential Care – July 2019**

<b>Protected characteristic</b>	<b>Potential positive or negative impact?</b>	<b>Explanation and evidence</b>
<i>Race</i>	<i>N/A</i>	<p><i>The rates paid will be the same irrespective of client race.</i></p> <p><i>The pricing strategy will apply for all state funded placements and does not affect those people with the ability to pay for their care privately. Where state funded the pricing strategy does not impact on the charge / contribution paid by individuals – this will be determined separately by the financial assessment.</i></p>
<i>Religion or belief</i>	<i>N/A</i>	<p><i>The rates paid will be the same irrespective of client religion or belief.</i></p> <p><i>The pricing strategy will apply for all state funded placements and does not affect those people with the ability to pay for their care privately. Where state funded the pricing strategy does not impact on the charge / contribution paid by individuals – this will be determined separately by the financial assessment.</i></p>
<i>Sexual orientation</i>	<i>N/A</i>	<p><i>The rates paid will be the same irrespective of client sexual orientation.</i></p> <p><i>The pricing strategy will apply for all state funded placements and does not affect those people with the ability to pay for their care privately. Where state funded the pricing strategy does not impact on the charge / contribution paid by individuals – this will be determined separately by the financial assessment.</i></p>

7. Have you carried out any engagement in relation to this proposal? If so, what?

*The following information has been received and considered as part of the completion of this document:*

- *Feedback from care home providers and Care North East – North Tyneside as part of the care home fee setting process over the last two years;*
- *Understanding of care home fees paid by other Local Authorities in the NE region;*
- *Information from 30 care homes for older people operating across North Tyneside on staffing levels and dependency ratings of the clients they have in their care homes;*

*Furthermore, this document forms part of an open engagement / consultation exercise with all care homes for older people operating across North Tyneside and also with Care North East – North Tyneside (being the representative body of a majority of the care homes operating in North Tyneside).*

*Information from this will be reviewed by the Authority and will feed into final decisions on the pricing strategy and this Equality Impact Assessment.*

8. Is there any information you don’t have that you need to find?

None

9. What actions are already in place, or will be taken, to remove or reduce potential negative impacts?

<b>Action</b>	<b>Responsibility</b>	<b>Timescale</b>
<i>Quality monitoring tool to be reviewed and updated, this tool is used to monitor provider performance</i>	<i>Commissioning</i>	<i>October / November in each year</i>
<i>Review of the pricing strategy on an annual basis – rates paid for care home provision, due to inflationary uplifts</i>	<i>Commissioning</i>	<i>January to March in each year</i>
<i>Quality monitoring tool to be extended to include other areas of performance monitoring to measure impact of fixed rate setting.</i>	<i>Commissioning</i>	<i>October / November in each year</i>
<i>1:1 meetings with Care Providers to understand the impacts and concerns affecting individual provider organisations</i>	<i>Commissioning</i>	<i>As required</i>

10. Are there any potential negative impacts that cannot be removed or reduced? If so, why is this?

None

11. Based on your conclusions from this assessment, what are your next steps?

*The next steps relating to the development and implementation of the pricing strategy are:*

- *Consult with care home providers and other interested stakeholders on the pricing strategy*
- *Agree the pricing strategy, set the rates and make payment based on this, also to review the quality monitoring process to reflect the agreed principles as set out in the document*
- *Pricing strategy document and EIA to be published and circulated to all providers, carer groups etc*

12. How will the impact of this proposal be monitored after it is introduced?

*Monitor and review through actions identified at 9 above*

13. When will this EIA be reviewed?

*October 2019 when decision is made on final pricing strategy*

DRAFT



**North Tyneside Council**

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