

## ***Four Seasons Healthcare Response***

**Question 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.*

**Response:**

The value of the costs you have used to not reflect our actual costs of providing care. Based on the proposed 2019/20 grade 1 rates, the fees for around a third of the residents you fund in our three homes would fail to cover the basic cost of care, and in all other cases fail to provide a sufficient margin to invest in the homes further. Given that not all of our homes are grade 1, the actual fees we would receive represents a significant issue for us in terms of continuity of provision.

We also do not agree with your assumption that FNC covers all the additional costs of providing care to someone with nursing needs. As you are aware, FNC is only intended to cover the direct costs of employing registered nurses, however a typical nursing resident would have additional non-nursing care needs, including additional care staffing and equipment requirements, and so you not taken all of the costs into account.

In the longer term, even if these costs were reflective of the current situation; as your report notes, due to the council's strategy of keeping people in the community for longer, those who do move in to care homes have increasingly higher levels of need, which typically results in higher costs. Therefore you cannot be certain these costs will remain valid throughout the term of the contract and should be reviewed more regularly and prices adjusted accordingly, in addition to any simple inflationary increases.

In regards to CHC fee rates, our analysis of our costs shows that on average your differential of £60 is less than the actual differential we experience, which on average is £66. Taking into account the issues above, this means it is likely we would lose money by providing care to people with CHC-level needs.

**Question 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.*

**Response:**

Analysis of our costs of care for people with dementia shows the differential is greater than 3.70%, in fact typically for residential care it is 5% and for nursing care it is almost 11% higher to look after people with dementia.

When we look at typical differentials we receive nationally, the average is £40-£50, whereas your 3.70% is less than this

Whilst we don't disagree with your basic principle of adding a percentage on top of the non-dementia fee, the amount you have added is not reflective of the actual difference in costs. The figure you have suggested is low compared to both our costs and the average differential paid by other commissioners for dementia care.

**Question 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?*

**Response:**

We do welcome the use of CQC ratings to determine the grade of the home, however as a large portion of the council's inspection also focuses on the CQC Key Lines of Enquiry, wherever a home is inspected it should be able to request the council updates not only the 25% allotted to the CQC rating, but also the 60% covered by your own inspection against these same areas, with any change effective from the date of the CQC report publication. Alternatively, the council should not duplicate the work done by the CQC but assess the home directly against your contract and service specification.

However, we do not agree with the prices you are willing to pay for each grade, as against your own cost of care of £572.60, a home is not expected to provide a return unless it has a top-rated grade. That the council is willing to pay below-cost fees when it also states the provision of care homes in the market is at the right level to meet demand inevitably raises questions around your legal duties in regard to market shaping. It cannot be reasonable for a home rated by the CQC as being Good to also be expected to provide that care to the council at a loss-making fee level, especially when so much of your grading appears to cover the same areas as the CQC reporting.

**Question 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.

**Response:**

Given the 2019/20 fees are not financially viable in respect of our cost of providing care; we would find it difficult to agree to a percentage increase to the baseline as a means of increasing the price annually. If your baseline fees were accurate, option (a) may have been agreeable.

Given the baseline fees proposed are too low, option (b) is the only sensible choice.

The other advantage to option (b) is that as a result of your strategy to continue to delaying admissions to care homes, those who do move in to residential care require higher levels of resource and expertise. Inevitably this comes at a greater cost and level of risk. Since this strategy remains in force we only expect costs to increase above index-linked inflation, and we have already noted your fees are too low to give any room for these additional costs to be absorbed by us.

**Question 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?*

**Response:**

The rates you have suggested here are not realistic, especially in regards to the use of agency care. Whilst we invest substantial resources recruiting sufficient staff, the use of agency staffing, especially for 1:1 is unlikely to be completely avoidable.

To ensure a fairer balance of the financial risks of providing 1:1 care we would need a cost-plus pricing model, linked directly to our costs of providing this type of care.

Alternatively, we would expect the council or CCG to commission the 1:1 element separately, with either your own staff providing this care in our home, or where you utilise the services of agency staff.

**Question 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.*

**Response:**

We have reviewed the terms of the “Agreement for the Provision of Personal Care and Nursing Care within a Care Home” and raise the following comments:

- **Data Protection:** Clause 51 states the Commissioners are the Data Controller whilst the Provider is Data Processor. This does not represent the factual or lawful reality of how personal data is used within this sort of service. Both Commissioners and Providers would need to be independent Data Controllers. We would not be able to sign a contract of this nature which names us as being a Data Processor.
- **Charges:** Clause 27.19 gives the Commissioners the right to reduce the fees paid immediately when a resident is temporary absent, even if simply attending an appointment (27.17.1.1). We would not be agreeable to signing any contract which gives you this freedom as our costs do not reduce during such periods to anywhere close to the extent the contract appears to imagine.
- **Short Term Residents:** Clause 35.2 states the CCG will not be obliged to carry out a Nursing Assessment on a Short Term Resident. For any resident you wish to place with us who has nursing needs, we need certainty the FNC will be paid from that resident’s date of admission, whether that is through an assessment or simply confirmation that FNC will be paid without such an assessment.

**Question 7.** *Are there any other areas the Authority should consider as part of the Pricing Strategy?*

**Response:**

The council's pricing strategy indicates changing needs within North Tyneside. We believe that as a provider of care home services we play a key role in supporting the council in meeting the needs of the local community.

As those requirements change the provider market should be given the opportunity to reposition itself so that it can continue to meet these. To facilitate this there needs to be much greater levels of information sharing between the council and social care providers to help the planning and effective implementation of services in the future, whether that is around staffing, technology, or commissioning models.