

## Appendix 1

### CONSULTATION

#### CONSIDERATION OF FEEDBACK FROM PROVIDERS

The following aspects of the marketplace have been consulted with:

- Residential and nursing care
- Supported living
- Extra care
- Shared Lives

Feedback and comments were received from the following number of providers:

Residential and nursing care: 18

Supported living: 14

In total, 32 providers responded to the consultation.

In addition, four care providers provided copies of their accounts (2 x res/nurs, 2 x supported living) which were also taken into consideration. However, it was not possible to draw conclusions about the market as a whole on the basis of these, due to the small sample size gathered.

Some providers sent multiple comments; therefore the actual number of responses in the table (overleaf) does not agree to the above breakdown of providers who responded.

Ref	Comment	Qty	Response
<b>1</b>	<b>Residential/Nursing</b>		
1.1	The National Living Wage (NLW) has increased	9	The increase in the NLW from £7.83 to £8.21 has been reflected in the proposed Residential and Nursing model.
1.2	Employers' pension costs have risen by 1%	8	The employer's pension contribution in the fee model has increased by 1% to take account of this.
1.3	Inflation has increased the cost of non-staffing expenditure items.	7	The non-staffing costs in the model have been increased to account for inflation.
1.4	Recruitment challenges have resulted in higher agency costs	3	The rate offered includes the assumption that agency staff are employed at an hourly rate twice as expensive as that of care staff. This is considered to be a reasonable allowance.
1.5	We pay our staff more than NLW, which the model does not account for.	3	The Council's fee model complies with the requirement to give consideration to providers' actual costs of care and provides sufficiently for each provider to fulfil its legal duty to pay the NLW.
1.6	The total rate offered is insufficient	3	The Council's fee model complies with the requirement to give consideration to providers' actual costs of care and provides sufficiently for each provider to fulfil its legal duty to pay the NLW. The council has also taken into account local factors in proposing the 19/20 fee rates.
1.7	We employ more staff than your model allows	2	The Council recognises that there will be variance in the marketplace in terms of the staffing structure employed, with some homes employing more staff than others. The fee model assumes that 27 full-time equivalent staff are employed in a typical 37-bed unit and the Council considers this to be a reasonable allowance
1.8	No allowance has been made for the ancillary costs of activities, e.g. licenses, materials, etc.	2	The fee model contains an allowance for non-staff expenses, including ancillary activities costs.
1.9	Cost of fabric, utilities, services and decoration are different to what is provided for in the model.	2	The treatment of these aspects in 2019/20 model is based on care home figures from the Royal Institute of Chartered Surveyors. This is considered to be a fair allowance and consistent with the approach taken in the model in previous years
1.10	The number of care hours per resident are not representative of the actual position in care homes.	1	The care hours in the model allows for between 18.5 and 23.0 hours of direct care per resident per week, which is based on a data collection exercise undertaken with local care homes. This is believed to be a fair allowance.

1.11	The ROI offered in the model is below the market average.	1	The ROI has been calculated by applying the return on capital as suggested by Laing Buisson with a discretionary profit as per CBRE's September 2018 report on care home trends. This represents the typical return on activity figure expected for a modern, purpose built, fully compliant home and the Council considers this to be a fair allowance.
1.12	The model does not accurately reflect our central management overheads	1	The fee model has been calculated consistently over the past seven years and transparently demonstrates the consideration given to the actual cost of care.
1.13	Catering hours provided in the model are insufficient.	1	The catering hours in the model allows for 55.5 hours of catering per week in a typical 37-bed home, which is believed to be a fair allowance.
1.14	The occupancy level in the model of 95% is unrealistic	1	The Council recognises that some level of vacancy will always exist in care homes, no matter how efficiently placements are made. The Council believes that a reasonable allowance for vacancies in an appropriately-sized care home market is 5%.

<b>2</b>	<b>Supported Living</b>		
2.1	The National Living Wage has increased	9	The increase in the NLW/NMW from £7.83 to £8.21 has been reflected in the proposed model.
82.2	The rate offered for sleeping nights is too low	8	The Council's Supported Living rate provides sufficiently to meet providers' statutory responsibility to pay the NLW. The council considers that the cost assumptions are reasonable and robust.
2.3	Employers' pension costs have increased by 1%.	8	The employer's pension contribution in the fee model has increased by 1% to take account of this.
2.4	We pay our staff more than the minimum wage, which the model does not provide for.	6	The Council's fee model complies with the requirement to give consideration to providers' actual costs of care and provides sufficiently for each provider to fulfil its legal duty to pay the National Living Wage.
2.5	Inflation has increased the cost of non-staffing expenditure items.	5	The non-payroll costs in the model have been increased to account for inflation.
2.6	The Apprenticeship Levy has not been factored in to the model.	3	In the UKHCA November'17 briefing, no allowance is recommended as, in practice, most providers fall below the minimum threshold. Employers should be able to reclaim the cost of their levy by taking on and training apprentices, so the UKHCA's assumption is that the levy is cost-neutral.
2.7	The cost of cover for holiday has been miscalculated in the model.	2	The cost of cover for holidays has been updated following this feedback and is now in line with UKHCA recommendations.

2.8	There is no allowance made in the model for staff recruitment costs	1	Recruitment costs are not accounted for directly, but assumed to be picked up within the management and admin charge included in the model.
2.9	The assumption that Team Leaders cover 5% of direct care is not accurate. The cost of direct support should be 100% support workers.	1	The assumption that 5% of direct care is delivered by team managers was arrived at in 2017/18 through conversations with representatives from multiple large supported living providers. This is felt to be a fair allowance, although it is recognised that individual business practices may vary.
2.10	Management time should be charged on the assumption that 100% of management time is paid at management rate.	1	100% of management time is paid at management rate in the model.
2.11	Agency costs are not included in the model	1	Agency costs are not accounted for directly, but assumed to be picked up within the management and admin charge included in the model.
2.12	Supervision time is under-accounted for in the model.	1	The Council recognises that different models will be employed by each organisation, but considers that the supervision/meeting time allowed for in the model is fair, based on feedback from local supported living providers.
2.13	There is no differentiation between the pay rates in the model for support workers and administration officers.	1	The Council's Supported Living rate complies with the requirement to give consideration to providers' actual costs of care and provides sufficiently to meet providers' statutory responsibility to pay the NLW
2.14	The cover allowance for training is insufficient.	1	The council believes that an allowance of 7 days' per year for training, per employee, is fair.
2.15	Sickness cover is understated	1	Although not covered in the UKHCA model, an allowance of 2% has been made in the model to cover sickness; this is felt to be a fair allowance.
2.16	The cost allocated for managers is insufficient	1	The Council recognises that different staffing models will be employed by each organisation, but considers that the allowance given in the model, based on feedback from local supported living providers, is fair.

## APPENDIX 2

### WIRRAL'S PROPOSED RATES, BENCHMARKED AGAINST OTHER NORTH WEST COUNCILS' PROPOSED 19/20 RATES (SUBJECT TO APPROVAL)

*(Please note some local authorities operate different models of care to Wirral, therefore an element of 'blending' has been necessary to achieve comparable figures).*

