

## Appendix 1

### CONSULTATION

#### CONSIDERATION OF FEEDBACK FROM PROVIDERS

The following aspects of the marketplace have been consulted with:

- Residential and nursing care
- Transfer to Assess (“T2A”)
- Domiciliary care
- Supported living
- Extra care
- Shared Lives
- Mobile Nights
- Reablement

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

Residential and nursing care (inc. T2A):	9
Domiciliary care:	5
Supported living:	7

In total, 20 providers responded to the consultation.

In addition, four care providers provided copies of their accounts (3 x res/nurs, 1 x domiciliary care) 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/T2A</b>		
1.1	The model does not adequately reflect the capital costs required to service homes	2	The return on capital is based on a Laing-Buisson recommendation of 7%, which is the level of return expected, were the care home to be leased by an operator from a freeholder. The Council believes this is a fair allowance.
1.2	Staffing costs have increased as a result of the April '18 increase to the National Living Wage ("NLW") and the increase to the employer's pension contribution.	2	The increase in the NLW/NMW from £7.50 to £7.83 has been reflected in the proposed Residential and Nursing model, as has the increased employer's pension contribution.
1.3	Maternity cover is not factored into the fee model.	1	Employers can reclaim 92% of Statutory Maternity Pay from the Government (103% if the business qualifies for Small Employers' Relief). More information can be found about this on the government's website ( <a href="https://www.gov.uk/recover-statutory-payments">https://www.gov.uk/recover-statutory-payments</a> )
1.4	Cost of fabric, utilities, services and decoration are different to what is provided for in the model.	5	The treatment of these aspects in 2018/19 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.
1.5	No allowance has been made for the costs of a handyman, which is a necessity.	1	The fee model contains a specific allowance to cover handyman/gardener services.
1.6	No allowance has been made for the costs of an activities co-ordinator, which is a CQC requirement.	2	The fee model for 2018/19 contains an allowance for management and associated costs, which includes the costs of an activities co-ordinator.
1.7	No allowance has been made for the ancillary costs of activities, e.g. licenses, materials, etc.	1	The fee model contains an allowance for non-staff expenses, including ancillary activities costs.
1.8	The model does not accurately reflect our central management overheads	2	The fee model has been calculated consistently over the past six years and transparently demonstrates the consideration given to the actual cost of care.
1.9	In respect of T2A, how have the 10.5 hours of nursing care included in the model been calculated? Has the RGN rate been based on local evidence?	1	The RGN rate in the T2A model has been based on local evidence. The nursing care hours allocation built into the model has been calculated based on an assumption of 1.5 hours of nursing care per client per day. Both these assumptions are believed to be reasonable.
1.10	Catering hours provided in the model are insufficient.	3	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.

1.11	The model does not sufficiently reflect the cost of paying nursing staff	1	For general nursing care, the cost of employing nursing staff is paid for by the NHS, direct to care providers, through Funded Nursing Care (FNC). The nurse's hourly rate in the T2A model has been based on local evidence.
1.12	How have the care hours been derived?	2	Laing:Buisson's recommendation of 20.5 care hours was increased to 21.5 in 16/17, following a data collection exercise undertaken with local care homes, to establish the average number of care hours provided per resident in each setting.
1.13	We pay our staff more than the minimum wage, which the model does not provide for.	2	This is a commercial decision on the part of each provider. 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.
1.14	The Apprenticeship Levy is only included at 0.5% but will rise to 1.0% from 1 <sup>st</sup> April 2018.	1	The Council can find no evidence that the Apprenticeship Levy will increase to 1.0% from 1 <sup>st</sup> April 2018.
1.15	Food costs are higher than allowed for in the model.	1	The Council considers that the weekly food allowance proposed is reasonable.
1.16	The ROI offered in the model is below the market average.	2	The ROI has been calculated by applying the return on capital as suggested by Laing Buisson with a discretionary profit as per the CBRE August 2017 report, <i>Retirement Comes of Age</i> . 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.
1.17	No allowance has been made for a housekeeper's costs.	1	This is a commercial decision on the part of each provider. The Council's fee model complies with the requirement to give consideration to providers' actual costs of care and considers that its cost assumptions are reasonable and robust.
1.18	The rate offered is insufficient.	4	The Council's rates comply with the requirement to give consideration to providers' actual costs of care and provide sufficiently to meet providers' statutory responsibility to pay the National Living Wage. The council has also taken local factors into consideration in proposing the 18/19 fee rates.
1.19	The provider employs more staff than provided for in the model	1	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 FTE staff are employed and the Council considers this to be a reasonable allowance.

1.20	Workforce shortages have resulted in higher agency costs and an increased cost of recruitment.	1	The rate offered includes an allowance of over £7,000/yr towards recruitment costs, as well as the assumption that agency staff are employed on twice the hourly rate of care staff. This is considered to be a reasonable allowance. The Council is developing a recruitment and retention strategy to assist providers with staffing matters in 18/19.
1.21	Inflation has increased the cost of non-staffing expenditure items.	1	The non-payroll costs in the model have been increased by 2.9% to account for inflation.
1.22	The assumption that homes contain 37 beds on average is erroneous.	1	Whilst it is recognised that homes may vary in size, on average it is considered most homes will approximate to the 37-bed comparator. This is supported by the latest available local market intelligence concerning average home sizes.
1.23	The occupancy level in the model of 95% is unrealistic	2	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%.
1.24	No allowance has been made for rent.	1	The cost of rent/mortgage payments is included in the ROI figure of 13.0% in the model.

<b>2</b>	<b>Domiciliary Care</b>		
2.1	The rate offered is too low	4	The Council's Domiciliary Care 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. The council's rate benchmarks very favourably with other north west authorities (see Appendix 2)
2.2	We pay all staff under 25 the same rate as for over 25s.	2	This is a commercial decision on the part of each provider. The 89% assumption of care workers over the age of 25 is based on the UKHCA recommendation. The Council's fee model includes sufficient for each provider to fulfil its legal duty to pay the minimum wage for each respective age group.
2.3	The allowance for National Insurance is too low.	2	The Council has adopted the UKHCA recommendation in respect of National Insurance. The rate of Employers' National Insurance Contributions in the UKHCA model has been reduced to 8.0% since version 4.1 (November'17).
2.4	Maternity cover is not factored into the fee model.	1	Employers can reclaim 92% of Statutory Maternity Pay from the Government (103% if the business qualifies for Small Employers' Relief). More information can be found about this on the government's website ( <a href="https://www.gov.uk/recover-statutory-payments">https://www.gov.uk/recover-statutory-payments</a> )

2.5	The allowance for travel time is too low.	2	The Council believes the travel time allowed in the model is adequate given local geographic factors, and has increased the rate offered in 18/19 to reflect previous years' provider comments on this area of the model. The Wirral is a relatively small geographical area and, where possible, providers are zoned to reduce travel time even further.
2.6	No allowance is made for additional payments on bank holidays.	2	The choice to make additional payments for bank holidays is a commercial decision, not a statutory obligation on the provider.
2.7	Mileage is understated.	3	The Council believes the mileage costs allowed in the model are adequate given local geographic factors
2.8	The training allowance is insufficient	2	Training costs are included within the allowance for management and general administration costs. The Council considers the rate to be a fair allowance
2.9	The Apprenticeship Levy has not been factored in to the model.	2	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.
2.10	The allowance for technology and registration costs does not accurately reflect the actual cost to providers.	2	The Council believes the technology and registration costs allowed in the model is adequate. The rate offered is comparable to nearby authorities.
2.11	There is no allowance made in the model for staff recruitment costs	2	The model includes recruitment costs within the management overheads of £2.87/hr
2.12	There is no allowance made in the model for audit and inspection costs	1	The model includes audit and inspection costs within the management overheads of £2.87 per hour
2.13	Why has the management & admin allowance reduced?	1	The management allowance has remained the same at £2.87/hr. The council believes that the allowance given in the model is reasonable and robust.
2.14	The cost allocated for managers is insufficient	1	The Council recognises that different staffing models will be employed by each organisation, but believes that the allowance proposed in the model is fair.
2.15	There is no differentiation between the pay rates in the model for support workers and administration officers.	1	This is a commercial decision on the part of each provider. The Council's Domiciliary Care 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
2.16	We pay our staff more than the minimum wage, which the model does not provide for.	1	This is a commercial decision on the part of each provider. 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.

2.17	Will the 15-minute calls continue to be paid at the 30-minute rate?	1	Yes, the Council intends to continue to pay 15 minute calls at the 30 minute rate. There is no additional cost in 18/19 as a result of this.
2.18	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.

<b>3</b>	<b>Supported Living</b>		
3.1	Query about the way annual leave has been factored into oncosts	4	The council believes that allowing 28/261 days' cover for annual leave is a fair allowance.
3.2	Why has the management & admin charge changed?	1	The management fee of 14.1% is based on local provider feedback and is felt to be a fair allowance.
3.3	What is the basis of the 5% return on activity figure?	3	The 5% return on activity figure gives consideration to feedback received from supported living providers and is felt to be a reasonable allowance.
3.4	No allowance is made for additional payments on bank holidays.	3	The choice to make additional payments for bank holidays is a commercial decision, not a statutory obligation on the provider. The Council is developing a recruitment and retention strategy to assist providers with staffing matters in 18/19.
3.5	The cost allocated for managers is insufficient	3	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.
3.6	Why is travel time not included?	1	Travel time is not accounted for directly, but assumed to be picked up within the management and admin charge included in the model.
3.7	The allowance for National Insurance is too low.	3	The Council has adopted the UKHCA recommendation in respect of National Insurance. The rate of Employers' National Insurance Contributions in the UKHCA model has been reduced to 8.0% since version 4.1 (November'17).
3.8	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.
3.9	There is no allowance made in the model for compliance or mileage costs	1	Compliance costs are not accounted for directly, but assumed to be picked up within the management and admin charge included in the model.
3.10	There is no allowance made in the model for staff recruitment costs	2	Recruitment costs are not accounted for directly, but assumed to be picked up within the management and admin charge included in the model.

3.11	We pay our staff more than the minimum wage, which the model does not provide for.	5	This is a commercial decision on the part of each provider. 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.
3.12	There is no differentiation between the pay rates in the model for support workers and administration officers.	1	This is a commercial decision on the part of each provider. 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
3.13	Why is there a different rate for waking nights from the day time rate?	1	The waking nights are paid on an ad-hoc, case-by-case basis and are therefore outside the scope of this exercise.
3.14	The rate offered for sleeping nights is too low	2	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.
3.15	The provider stated that their average pension contributions were higher than the statutory minimum 2%.	1	This is a circumstance unique to this particular provider and not representative of the market as a whole.

## APPENDIX 2

### WIRRAL'S PROPOSED RATES, BENCHMARKED AGAINST OTHER NORTH WEST COUNCILS' PROPOSED 18/19 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).*

