**Appendix 1: Market and Provider Consultation Analysis Informing the Fee Proposal for 2020–2021**

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| | **Market and Provider Consultation Analysis Informing the Fee Proposal for 2021–2022** |
| **1.** | **INTRODUCTION:**<br><br>The Council's commissioning service has consulted with affected providers of older adults care homes, supported living and homecare providers as well as learning disabilities complex needs residential care homes about the Council's fee rates for next financial year (2021-22). The following report sets out the approach to consultation with each sector, the feedback received and the Council's consideration of the key themes and issues raised. This is summarised at Section 3 of the main Cabinet Report and informs the recommended increase in the fee rates. Each sector is analysed and considered against the following headings to inform a final proposal for fee rate increase for each sector as summarised in the Cabinet Report.<br>• Background<br>• Market Analysis<br>• Consultation Process<br>• Consultation Response<br>• Consultation Feedback<br>• Analysis of Feedback<br>• Fee Rate Model<br>• Additional Support<br>• Fee Rate Proposal |
| **2.** | **Older Adult Nursing and Residential Care Homes** |
| **2.1.** | **Background:**<br><br>2020/2021 has been an exceptionally challenging year for the Care Home Market in Sheffield and nationwide due to the Covid19 pandemic. Many homes have had outbreaks with some sadly losing significant numbers of residents as a result. All homes have had to adapt to new ways of working such as increased requirements for Infection Control and Personal Protective Equipment, changing guidance around visiting, testing for staff and vaccinations. Staff have been exposed to extremely stressful working conditions with many staff having to work additional shifts to cover staff sickness and isolation and avoid the use of agency staff. Providers report ongoing sickness and the impact of trauma and fatigue on staff resilience and morale. Care Home providers and their staff have risen to the challenges faced and continued to provide caring and compassionate care to their residents.<br><br>It is clear that Covid19 will continue to have a significant impact on the care home market in 2021/2022 and that decisions about the fee rate and any additional |

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| | support for care homes to cope with additional costs and high vacancies will have both a short and long term impact on the shape of the market in Sheffield.<br><br>Sheffield currently pays for Standard Residential and Nursing Care at a flat rate of £505 per week, in addition Nursing placements receive a Funded Nursing Care (FNC) payment of £183.92 per week from the NHS. This method differs from many other local authorities who have different fee rates for different types of care such as High Dependency or Elderly Mentally Infirm (EMI). |
| **2.2.** | **Market Overview:**<br><br>The care home providers range from small, long established operators with a single care home in a converted property, to large national organisations that run many purpose-built care homes – typically focused on areas of the city where land costs are lower.<br><br>Approximately 36% of the current care homes in Sheffield are operated by large national or regional organisations; however there are also more local organisations who have multiple care home ownership. Such a diverse range of ownership brings with it different business models and cost structures: some providers operate with significant debts whereas others may have very little. National providers can cross-subsidise their homes to manage local variations in demand and profitability and are able to take advantage of economies of scale. There is increased competition for self-funders in recent years through new developments aimed specifically at this market. This has impacted, anecdotally, on providers who historically managed a 'mixed economy' of residents.<br><br>The variation in business models, costs and business practices as well as the increased variation in occupancy levels experienced in the past year was highlighted in the wide variety of costings that were submitted by providers during the open book exercise that was completed as part of the consultation – this is described elsewhere in the report.<br><br>Given that one size does not fit all in this provider market, the Council seeks, through ongoing market management, quality monitoring and engagement with business owners, to support the sector to respond to changing demand and ensure diversity of provision and stability across the market whilst acknowledging that there is wide variation of costs and practices encompassed within the 'standard rate' market. This has been a particular challenge in the context of the pandemic which has impacted on occupancy of some homes significantly thereby increasing the risk of instability in the market.<br><br>In the past year one older people's Nursing Home (60 beds), one older people's Residential Home (25 Beds) and one Residential Home specialising in Mental Health (11 beds) have both closed and a small unit providing respite care for Adults with Learning Disabilities has relocated (loss of 1 bed). We are also aware of a number of other providers who are considering their longer term options in the context of such uncertain market conditions. Home closures over the past 3 years have been a mixture of local, regional and national providers with nursing beds the most heavily affected by closures. |

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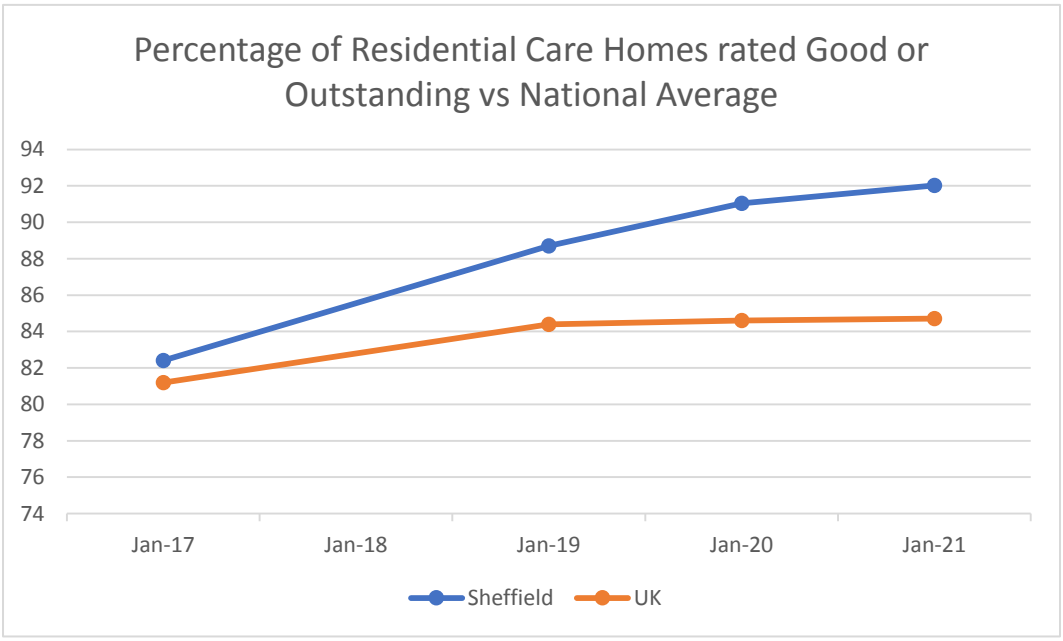
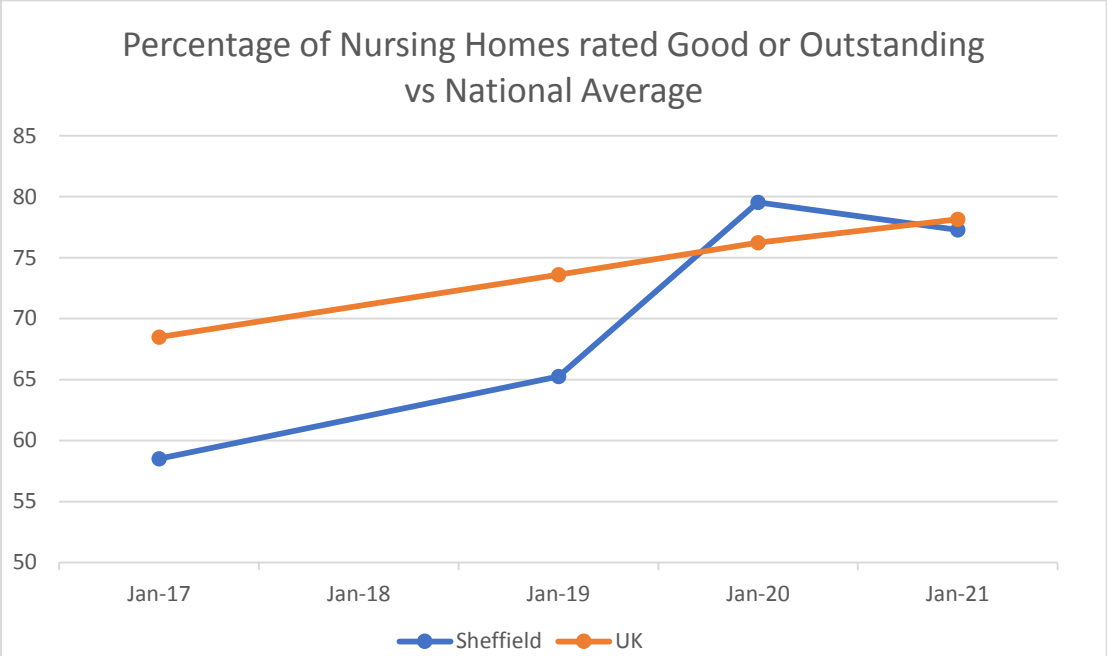
| | There does not appear to be much interest from providers in opening new care homes or investing in their existing stock in Sheffield at present but there does appear to be interest from providers in acquiring homes that are struggling. We are aware of one such takeover that is imminent and another provider has contacted the Commissioning Service requesting that their details be shared with any homes considering closure. |
| **2.3.** | **Quality:**<br><br>The pandemic has influenced how the sector is inspected and monitored for quality of care with Inspections by the regulator and physical Monitoring Visits by Council contracts officers not possible for most of the year due to restrictions on non-essential visiting in care homes.<br><br>The Care Quality Commission CQC have begun to inspect again but many of these inspections are focussed on whether homes are meeting Infection Control requirements and few new care home ratings have been published.<br><br>In normal circumstances the Council's quality and performance team would visit care homes twice per year. Unfortunately, this has not been possible, instead the team has been undertaking remote quality monitoring calls with care home managers and investigating concerns received by the public or professionals. Most homes are currently rated as standard risk (112 operating homes) with one rated as medium risk and no high risk with regards to quality and practice. 2 other homes have been rated as medium risk in the past year but have responded well to agreed action plans and demonstrated the improvements required to de-escalate them to standard risk.<br><br>The most recent data (Q3) on the quality of care homes in Sheffield is shown below.<br><br>  <br> |




This shows the quality of Residential Care homes is still above the national average and is continuing to rise at a rate exceeding the national average improvement.

There has been a slight fall in the ratings of nursing homes rated good or outstanding from 79.55% to 77.27%, this is due to one previously rated Good home receiving Requires Improvement rating. This is change against the upwards trend of previous years and puts nursing homes slightly below the national average 78.16%.

**2.4. Market Analysis**

2.4.1. **Occupancy**

Prior to 2020 average care home occupancy had remained relatively stable usually above the 90% mark. On 20/4/2020, early on in the pandemic, care home occupancy was at a relative high with 92.46% nursing beds occupied and 94.75% residential beds (76 confirmed or suspected Covid19 deaths had already been reported when this figure was produced so occupancy is likely to have been even higher at the end of March 2020). However, a combination of high deaths amongst care home residents as well as reduced demand for beds has led to a drastic fall in occupancy to 78.01% in Nursing Homes and 77.02% in Residential Homes.

| | Nursing | Residential |
|---|---|---|
| Jan-21 | 78.01 | 77.02 |
| Apr-20 | 92.46 | 94.75 |
| Nov-19 | 90 | 92 |
| 2018/2019 | 83.5 | 91 |
| 2017/2018 | 93.6 | 90.6 |
| 2016/2017 | 92.5 | 93 |
| 2015/2016 | 92.5 | 92 |
| 2014/2015 | 87.53 | 88.57 |

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| 2013/2014 | 83 | 86.7 |
| 2012/2013 | 90.1 | 88.3 |

It is not just the fall in average occupancy that is a concern for care home providers but an increase in the range and variation in different occupancy levels. The below table shows how the variation in different occupancy levels in older people's care homes has changed during the pandemic. At the start of the pandemic 87.18% of nursing homes and 94.74% of residential homes were above 80% occupancy with very few below 70%. Currently only half of both residential and nursing homes are above 80%, there has also been a significant increase in the number of homes below 70% occupancy.

| Range of occupancy levels | % of Nursing Homes in this range of Occupancy | | % of Residential Homes in this range of Occupancy | |
|---|---|---|---|---|
| | 20/04/2020* | 15/01/2021** | 20/04/2020 | 15/01/2021 |
| 90.01-100% | 64.10 | 28.95 | 76.32 | 26.32 |
| 80.01-90% | 23.08 | 21.05 | 18.42 | 23.68 |
| 70.01-80% | 10.26 | 18.42 | 2.63 | 18.42 |
| 60.01-70% | 2.56 | 10.53 | 2.63 | 10.53 |
| 50.01-60% | 0.00 | 18.42 | 0.00 | 13.16 |
| 50% and below | 0.00 | 2.63 | 0.00 | 7.89 |

*20/04/2021 was the date that the first detailed occupancy per provider was collated via the NHS capacity tracker.
**15/1/2021 nursing home numbers reflect the fact that one older persons Nursing home has closed in this period. 20/4/2020 used as the first date as this is the earliest date we have complete detailed data for. On 20/4/2020, 76 confirmed or suspected Covid19 related deaths had already been reported in Sheffield Care Homes.

Low occupancy presents a challenge to providers as any fixed costs are spread over fewer placements and income is reduced, also some variable costs such as direct staffing might not be immediately variable, for example due to fixed hours contracts and carer hours only reduced on an incremental basis (some homes utilise staffing ratios e.g. 1:5). This means that the increased variation in occupancy rates will in turn lead to an increased variation in average cost and efficiency. This volatility makes it particularly challenging to establish a reasonable cost of care, especially in the context of oversupply of beds in the city.

2.4.2. **Benchmarking**

All Local Authorities will have different factors in relation to their local economy, so a one-size-fits-all approach cannot be assumed. However, Sheffield's approach to fee

rates for 2021/22 must be appropriately mindful of the approach taken by neighbours and other authorities in the region and other core cities.

Sheffield is the only authority in the region that uses a single base rate for all older people's residential care. ADASS figures show that out of 15 Local Authorities in the region our residential rate is the 9th most generous when compared to the minimum other local authorities pay but 14th when compared to the highest rate.

**Residential Care**

| **Local Authority** | | **2020/21 rate** | |
|---|---|---|---|
| | | **Minimum** | **Maximum** |
| 1 | Barnsley | 503.40 | 548.81 |
| 2 | Bradford | 494.83 | 545.09 |
| 3 | Calderdale | 489.26 | 514.00 |
| | Calderdale EMI | 564.72 | 589.84 |
| 4 | Doncaster | 535.52 | 535.52 |
| 5 | East Ridings of Yorkshire | 524.02 | 569.38 |
| 6 | Hull | 474.80 | 508.30 |
| 7 | Kirklees -res | 533.82 | 562.56 |
| | Kirklees - res with dementia | 553.82 | 582.56 |
| 8 | Leeds | 559.00 | 623.00 |
| 9 | North East Lincolnshire | 517.37 | 517.37 |
| 10 | North Lincolnshire | 496.48 | 526.9 |
| 11 | North Yorks | 579.04 | 579.04 |
| 12 | Rotherham | 479.00 | 500.00 |
| 13 | Sheffield | 505.00 | 505.00 |
| 14 | Wakefield | 554.50 | 648.50 |
| 15 | York – res | 534.80 | 534.80 |
| | York - res with dementia | 575.39 | 575.39 |

For Nursing care we are 12th out of 15 when compared to the minimum rate but 15th when compared to the maximum rate.

**Nursing Care (excluding FNC)**

| **Local Authority** | **2020/21 rate** |
|---|---|

| | | Minimum | Maximum |
|---|---|---|---|
| 1 | Barnsley | 503.40 | 548.81 |
| 2 | Bradford | 580.09 | 580.09 |
| 3 | Calderdale | 561.98 | 589.28 |
| | Calderdale EMI | 589.28 | 614.38 |
| 4 | Doncaster | 587.79 | 587.79 |
| 5 | East Ridings of Yorkshire | 524.02 | 569.38 |
| 6 | Hull | 474.80 | 508.30 |
| 7 | Kirklees | 545.71 | 574.45 |
| | Kirklees - with dementia | 565.71 | 594.45 |
| 8 | Leeds | 590.00 | 640.00 |
| 9 | North East Lincolnshire | 517.37 | 517.37 |
| 10 | North Lincolnshire | | |
| 11 | North Yorks | 572.39 | 572.39 |
| 12 | Rotherham | 493.00 | 547.00 |
| 13 | Sheffield | 505.00 | 505.00 |
| 14 | Wakefield | 554.50 | 648.50 |
| 15 | York | 567.22 | 567.22 |
| | York - with dementia | 615.95 | 615.95 |

Comparisons can also be made against other core cities in the UK whose demographics most closely resemble Sheffield's. The following has been produced by the consultants, Cordisbright, and is a comparison of average price paid rather than the base rate. Out of the 8 core cities Sheffield ranks 8th for Nursing Care and 7th for Residential care and 7th overall.

| | Nursing | Residential | Combined |
|---|---|---|---|
| Bristol, City Of | £871 | £893 | £881 |
| Newcastle upon Tyne | £772 | £694 | £771 |
| Leeds | £643 | £693 | £674 |
| Nottingham | £685 | £660 | £666 |
| Birmingham | £640 | £681 | £664 |
| Manchester | £639 | £587 | £604 |
| Sheffield | £630 | £560 | £586 |
| Liverpool | £680 | £470 | £518 |

2.4.3. **Factors which affect viability of market:**

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| | From the consultation and other engagement with the sector it is clear there are other factors that affect the viability of the market other than fee rate and occupancy. |
| 2.4.4. | **Staff recruitment:**<br><br>Many providers have stated that it is becoming increasingly difficult to recruit suitable staffing. This is particularly the case for nurses for which nationwide shortages have been reported. Many providers report having to backfill with expensive agency nurses for extended periods or offer significant financial incentives to fill nurse vacancies. |
| 2.4.5. | **Insurance:**<br><br>Some providers have reported difficulty in obtaining insurance since the start of the pandemic, particularly insurance that offers indemnity against Covid19 related claims, others have stated that they are still able to obtain this but their renewal premium has significantly increased by upwards of 20%. |
| 2.4.6. | **Brexit:**<br><br>At present it is still unclear what affect, if any, Brexit will have on the Care Home Market. Some speculation has been made that it may be even harder to recruit qualified workers some of whom are recruited from the EU particularly Eastern Europe. Others have speculated that food and utility prices may increase. It is currently too early to confirm this speculation or to put a monetary value on this. |
| 2.4.7. | **Covid19 costs:**<br><br>Some providers have expressed concern that some of the costs associated with Covid19 may continue past the 'end of the pandemic' and the additional government grants that contribute to meeting these costs. Many providers have indicated that the government grants such as Infection Control Fund grant are insufficient to cover the increased costs facing providers and are not confirmed at the point of consultation to continue beyond March 2021. While vaccination will reduce incidences of infection, it is not expected to result in reduce infection control measures such as testing, PPE, risk assessments for visiting etc. which all have a financial impact on providers. |
| **2.5.** | **Older Adult Care Home Consultation Process:**<br><br>As part of the review of care fees for 2021/22 we conducted the following consultation on the challenges facing care home providers in our area:<br>• Formal consultation letter with proposed initial fee increase and request for feedback, 1st December. Further reminders were sent throughout December and January 2021 and providers were encouraged to submit returns when the consultation was discussed at the Care Home Owners' Forums in December and January.<br>• Care home providers were also offered the opportunity to complete a template describing their costs as evidence to support their feedback.<br>• Care home engagement sessions (x2) 6 & 7th January – At these sessions we were able to take feedback on the initial proposed fee rate. These |

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| | sessions were attended by senior officers including the Director of Health and Social Care and the Director of Strategy and Commissioning, as well as the Cabinet Member for Health and Social Care.<br>• Senior officers also continued regular meetings with representatives from the Sheffield Care Association (SCA) during the consultation period where feedback from the sector was provided. The SCA promoted the consultation to their members and also provided three letters detailing their views and concerns about the fee rates during the course of the consultation and subsequently in response to the scrutiny report. The SCA formal response to the consultation is attached below.<br><br>A request was received from the Sheffield Care Association for an extension to the consultation process. This was agreed, extending the consultation period to seven weeks. |
| **2.6.** | **Older Adult Care Homes Consultation Response Rate and Background:**<br><br>The consultation process with older adult care homes has generated a lower level of responses than in previous years. We anticipate that this may be partly due to the continuing effects of the pandemic and the other pressures that this puts on care home administration and management time.<br><br>This report sets out the responses, anonymised, in full detail and where possible (with regard to commercial sensitivity) verbatim as they were received from providers or recorded during workshops and forum meetings. The themes and issues are summarised in the body of the main cabinet report and have informed the recommended fee rate increase.<br><br>The themes are explored further in this section and the original and/or verbatim submissions and comments are at Appendix A at the end of this report. During the consultation period care home providers have told us about the factors/pressures that impact on their ability to remain in the market and continue to provide good quality services.<br><br>10 care home providers in total (representing 23 homes in the city) submitted financial and costings information, however we could not use the returns of 3 non-standard homes as costs were amalgamated with other services such as day activities and could not be separated. Usable returns represented 15.83% of the nursing and dual registration bed base in the city and 31.99% of the residential care home bed base. The financial information provided illustrated the wide variation in business and cost models among providers.<br><br>22 providers sent feedback via email or letter in response to the fee proposal sent out in December 2020 and 15 providers attended the January 2021 consultation sessions.<br><br>The feedback below has been taken into account in putting forward the recommended fee rate to the Council's Cabinet |
| **2.7.** | **Older Adult Care Homes Fee Rate Consultation Feedback Summary:** |

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| | Providers described a range of challenges over the course of the consultation that are summarised and analysed in the following section:<br>• Original Cost Model and Rate<br>• Inflation above CPI<br>• Occupancy Levels<br>• Staffing Costs<br>• Differentials between staffing rates<br>• Impacts of Covid19<br>• Keeping Covid19 relief funding separate from fee uplift:<br>• Appreciation for the support of Sheffield City Council during the pandemic<br>• Benchmark with other authorities<br>• Return on Investment<br>• Capital investment<br>• Costs of specialist equipment<br>• No enhanced rate for dementia or high dependency<br>• Reliance on self funders and third party top up fees.<br>• New residents are being admitted older and frailer than previously.<br>• Nursing homes and local providers most at risk |
| **2.8.** | **Analysis of Fee Rate Consultation Feedback from Older Adult Care Homes:**<br><br>**Original Cost Model and Rate:** Care Home providers have questioned whether the cost model used by the Council to assess the value of care accurately reflects the market. As part of the consultation exercise providers were invited to submit 'open book' costings to reflect current spend and pressures. The output from this is provided below and has informed the market analysis and final fee recommendation.<br>**Inflation above CPI:** Care Home providers have claimed that CPI uplift does not cover inflation within care homes including increasing costs of insurance, general medical supplies, food etc.<br>**Occupancy Levels:** Providers have told us about issues with occupancy levels in homes which may be partly due to Covid19. Providers usually model based on 90-95% occupancy. Providers are now seeing significantly reduced levels. Providers are unable to spread fixed costs across residents at lower occupancy. While many providers acknowledge that the fee rate cannot subsidise beds that are not required long term, others feel that the occupancy reduction should be reflected in the fee rate.<br>**Staffing Costs:** Providers told us that the Council's standard rate for care homes means they are not able to pay much above the minimum wage and it is hard to recruit and retain staff. They say that considering the work that care staff have carried out during the pandemic that they deserve to be paid above National Living Wage. Providers have indicated that they would prefer to pay staff higher wages and move towards the Foundation Living Wage.<br>**Differentials between staffing rates:** Some providers felt that any fee uplift should contain differentials between staffing rates to allow for pay increases for management roles as well as front line lower wage staff.<br>**Impacts of Covid19:** The impact of Covid19 has been significant for all types of provision but in particular care homes where there are now unprecedented levels of vacancies due to high deaths and low admissions and ongoing higher costs of meeting enhanced infection control and staffing measures. Increased costs have |

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| | been supported by government grants and the Council's own funds however many providers feel this is either not sufficient still to cover their costs and/or are concerned about whether support will continue after the current government grant ends in March.<br>**Keeping Covid19 relief funding separate from fee uplift:** Providers have been clear that the base rate fee uplift should be considered separately from Covid19 funding. Base rate fee uplift should not include Covid19 relief funding.<br>**Appreciation for the support of Sheffield City Council during the pandemic:** Providers have broadly lauded the approach from Sheffield City Council during the pandemic. They wanted to share thanks to the organisation for their supportive approach during this challenging time. The Sheffield Care Association stated in their consultation response that they did not feel that the financial support had been sufficient.<br>**Comparison with other authorities:** Many providers said that the Sheffield base rate continues to be lower than comparator authorities.<br>**Return on Investment:** Some providers told us that due to low fee rates there was very little margin for return on investment.<br>**Capital investment:** Providers described the need for more investment into building new homes and improving old care home stock. They feel that they are unable to invest due to historically low fee rates.<br>**New residents are being admitted older and frailer than previously:** Providers told as new residents are being admitted with a higher level of acuity which increases costs and decreases length of stay.<br>**Costs of specialist equipment:** Some providers told us that frailer residents require more specialist, expensive equipment that the provider needs to purchase and then store when not needed.<br>**No enhanced rate for dementia or high dependency:** Many providers felt there should be enhanced rates for dementia and high dependency.<br>**Reliance on self funders and third party top up fees:** Some providers felt there was a reliance of self funded residents and third party top ups and there is reduced access to these.<br>**Nursing homes and local providers most at risk:** We received a response stating they felt Nursing Homes and local providers were particularly at risk |
| **2.9.** | **Analysis of Financial and Costings Information from Older Adult Care Home Providers:**<br><br>The Council did not undertake a full scale formal cost of care exercise as part of this year's fees review, however in common with previous years, providers were invited to submit financial information in support of their feedback and to help evidence the costs and pressure experienced by the sector. This information helped to support information received from formal consultation sessions and has informed the decision on 2021/22 fees.<br><br>The financial information was reviewed by finance, commercial services and commissioning officers and considered against the current cost model described in the Cabinet Report (that was developed during the 2017 cost of care exercise) in order to challenge the model's assumptions about cost profile and increases. |

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| | The open book exercises completed by care homes this year showed significant variation. The mean average cost of care was £506 which suggests the current rate of £505 is extremely tight for most providers. However, there was significant variation in the costs submitted by different providers which illustrates the variety of business and financial structuring in the sector. If outliers are removed from the calculation then the costs are between £530-£560 per bed per week. This suggests that these providers are using third party contributions, have more complex income streams (e.g. health funded or enhanced support packages for some residents), a mixed economy, are sustaining ongoing losses or subsidising from homes elsewhere. The homes with the lowest costs are those that have low or no mortgage or rental costs and lowest corporate overheads.<br><br>While some providers have questioned why Sheffield has a single flat rate, the cost of care exercise and subsequent open book exercises have not indicated differentiated costs. Feedback from providers also indicates that standard residential care faces levels of acuity now, including dementia and extreme frailty that has eroded the difference in costings between residential and nursing and dementia that used to be much more distinct. |
| **2.10.** | Interim findings from Strategic Review of Care Homes by Cordisbright and LaingBuisson:<br><br>The consultants have provided a summary of the initial feedback gathered from care home proprietors during the interviews with them that have included specific questions relating to the fee rate and the approach to reviewing and increasing the rate. The feedback is summarised here and aligns with the feedback collected via the fee rate consultation and the themes raised by providers over the course of previous consultation exercises:<br><br>Overall, 41 proprietors and stakeholders have scheduled interviews, of which around 30 have been conducted so far. Interviews are conducted on the basis that specific comments will not be attributable to individual proprietors and the comments below are linked to specific proprietor types, rather than names of proprietors.<br><br>Proprietors were asked about their viability in terms of current fee levels and the proposed 1.9% increase as well as their general views on the increases.<br><br>The consultants identified four loose groupings of providers:<br><br>1. Proprietors representing 7 homes in the city were very negative in their feedback on fees and increases. These providers are generally medium-sized local and regional operators who are vocal in their frustrations with the Council. This group of providers feel that the methodology and ‘base rate’ used to calculate the increase is flawed and are negative overall about the engagement and communication from the Council. A number of these providers say that they have significant viability issues within 3 to 6 months.<br><br>2. The views are less negative from not-for-profit operators with a larger national base (three homes). The current £505 fee rate has been manageable but they |

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| | seek minimum £60 top ups, which is now proving very difficult. No immediate viability issue.<br><br>3. The views are neutral to negative from operators with longstanding council relationships (10+ homes) but warn that loss-per-bed has increased from £12 pp/bed/week at 90% occupancy to £130 pp/bed/week at current 75% occupancy.<br><br>4. Providers who mainly have self-funders are neutral on the fee levels and increases, as expected (3 providers, 4 homes). One provider is achieving £800 pw and has a waiting list and another has a similar level of fees and has a higher level of vacancies and a drop in referrals / enquiries.<br><br>A majority of proprietors have questioned the rationale for having a flat £505 rate, when many other local authorities differentiate between residential, residential EMI, nursing and nursing EMI. On the other hand, in authorities that do differentiate the fees, the proprietors often complain that the differentiation of £20 or £30 per week does not reflect the actual differential costs of providing care to people with complex needs.<br><br>One complaint was having to fund specialist equipment, such as profile beds, which used to be lent by SCC. This same issue has been identified by other proprietors too, particularly those providing specialist services.<br><br>Operators also cited fact that 'real inflation' -- such as food, insurance and IT -- is greater than 1.2% and therefore CPI element of 1.2% does not reflect reality. This point was again picked up by a range of other providers who felt that using the basic CPI rate did not reflect the true increases in non-staff costs faced by care homes. Other Councils use a basket of care home related costs to calculate annual inflation. Looking at reported operating costs of Care Homes (LaingBuisson Care of Older People Market Report) shows that after staffing costs the biggest expenditure areas for care homes are:<br><br>- Repairs, maintenance and equipment servicing.<br>- Food.<br>- Utilities (fuel, water, telephone)<br><br>Short/medium term viability issues are also often attributable to financing structures / leverage / breaching bank covenants. This is obviously partly bound up with fees, but also driven by fact that the homes break-even only at 90%+ which means that they are unsustainable except in good times (3 homes in Sheffield, one in administration). A slow return of self-funders to the market could have a significant impact on these providers. |
| **2.11.** | **Future demand analysis for older people's care home or equivalent care and support:**<br><br>The Council commissioned Kingsbury Hill Fox (Sheffield Care Association had input into the specification for the work) to undertake an independent analysis of the likely future demand (2025) for care home beds or equivalent support in the city. |

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| | The consultants worked with publicly available data on supply and occupancy gathered from CQC inspection reports over the last three years. This meant that the data was 'pre-Covid19' and therefore 'Covid19 blind'. This has benefits in respect of providing a view on the supply and demand for older people's care in the city that is not skewed by recent fluctuations resulting from the impact of Covid19 on care homes. At the same time, the findings should be treated with care given that the current level of demand has changed so much from that used in this analysis.<br><br>The key findings of the data analysis are that there was an oversupply of care home places in the city pre-Covid19 of around 18% (even allowing for 90% as optimal occupancy). Anticipated future demand, based on the level of occupancy of care homes by people aged 65+ in the last three years and ONS demographic projections for Sheffield, suggested a growth in demand for care home or equivalent care of 8.3% over the next 5 years. This would take the oversupply, based on 90% occupancy, to 8% by 2025.<br><br>Another key finding of the report is that the distribution of care home supply is not aligned to demand. This confirms the understanding of commissioners that there is higher levels of supply in areas of the city where land has historically been cheaper e.g. the north.<br><br>The other key finding of the report is that the quality of care homes, based on CQC ratings over the last 3 years shows some disparity between the north (highest ratings) and the south west of the city (poorer ratings). |
| **2.12.** | **Commissioning analysis of consultation feedback, market analysis and consultancy:**<br><br>**Original Cost Model and Rate, Inflation above CPI**<br>Sheffield City Council continues to the support the methodology it used in 2017 to set the base rate for the cost of care in 2018 and to uplift it in the subsequent years. Whilst the open book exercises completed this year predict a need for rate increases, these appear to be overwhelmingly as a result of reduced occupancy (lower income) and Covid19 related costs (see below). However, it is acknowledged that some non-staffing costs have increased by more than CPI for some providers, in particular for care homes where non-staffing costs are a larger proportion of the cost base.<br><br>**Occupancy Levels, Impacts of Covid19, Keeping COVID relief funding separate from fee uplift**<br>It is acknowledged that reduced occupancy levels have had a significant impact on many providers and increased their average cost of care and that some providers wanted an adjustment in the base rate as a result of this. However, it is felt by providers that in many ways it is not a fall the average occupancy rate but the increased variation in occupancy rates across the city that is the greatest challenge. For example, if the base rate was adjusted to reflect 80% average occupancy then half of the care homes in this city would still be below this level. This means that supporting care homes through adjusting the fee rate would still be insufficient to |

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| | support half the care homes who need it the most but will actually provide the most benefit to the care homes above 80% who need the support least.<br><br>There is currently a significant oversupply of care homes in the city and it is the view of commissioners that a degree of contraction and remodelling of the traditional market will be required. An increase in the fee rate that effectively subsidises empty beds that are not required does not incentivise the market to adapt to changing demand and is not a sustainable option for the Council and tax payer.<br><br>In addition, it is believed by some providers that the rollout of vaccines will lead to a recovery in demand. It is also expected that some providers may leave the market or remodel their offer which will lead to a reduction in the current over supply. As such these reduced occupancy levels are not thought to be long term. As there was a broad consensus to keep Covid relief funding separate from the fee uplift we propose we continue to engage with care homes with reduced occupancy to establish the best way we can support them to recover or repurpose some or all of their business and, in some cases, support them to manage a safe and planned exit from the market.<br><br>**Staffing costs, Differentials between staffing rates**<br><br>The Council acknowledges the hard work and dedication of the care home sector not just during the pandemic but in preceding years too. We also acknowledge that the workforce is often poorly paid in comparison to other sectors and we have an ambition to support providers we commission to move towards the foundation living wage. Because of this we are recommending an increase to the fee uplift of 4.89% (above the original minimum wage and CPI based increase consulted on of 1.9%) with the expectation that providers will use this additionality to invest in staffing terms and conditions and work with us towards building a resilient sector and workforce over the next few years. Fundamental to this will be engaging with the Council collaboratively to progress towards foundation living wage for all front line staff and building this into our approach to commissioning and contracting with the sector.<br><br>**Comparison with other Authorities:**<br>It is noted that the fee rate paid by Sheffield does not compare favourably to that paid by other regional authorities and core cities. This can be explained in part by comparatively low rent, mortgage and land costs in the city and also to the fact that the city has seen historically high occupancy levels compared to levels in other areas in the regional. It is hoped the increase in the proposed uplift and an ambition to move towards a foundation living wage will enable Sheffield to compare more favourably in future years.<br><br>**Return on investment, capital investment:**<br>The 2017 cost of care exercise allowed for a return on investment of 2% above base rate. We appreciate that many providers feel this is insufficient and is lower than what can be achieved in other sectors. The Council acknowledges that operating break even is not sufficient for the sector over the longer term and is committed to working with providers to develop a transparent and collaborative commissioning model that provides for reasonable return on capital and economic profit in return for high quality care and improved outcomes for people in the city. We wish to work |

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| | with providers to establish how we can work with them to promote and secure capital investment and the best way to improve return on investment in the future.<br><br>**Costs of specialist equipment:**<br>In 2020 Sheffield City Council jointly reprocured the Integrated Community Equipment Loans service. The new provider, Medequip, is committed to working in partnership with health and social care stakeholders to improve the service offered to the city and promote equipment as a key part of preventing, reducing and delaying increased care needs.<br><br>**Quality of Care Homes in Sheffield:**<br>Quality in Residential Care Homes compare favourably with the national average with more care homes rated good or outstanding and Nursing Homes rated only slightly below the national average. Whilst there has been a small decrease in the number of Nursing Homes rated good or outstanding in the past year, this is one home moving from Good to Requires Improvement and as there have been far fewer CQC inspections in the past year due to the pandemic it is not possible to identify this as a trend at this time. There are currently no care homes in Sheffield that are rated Inadequate overall. Out of the 14 homes that are currently rated as requires improvement 8 are homes that accept the Council's standard rate or the standard rate and a small top up (less than £50 per week), 4 are high cost specialist homes who receive a non-standard fee, 2 are homes targeting the self-funder market with fees well in excess of the council's standard rate. This suggests that a quality rating below Good is not necessarily linked to the basic fee rate.<br><br>**New residents are being admitted older and frailer than previously:** There is local and national evidence to suggest this is the case, the financial analysis completed suggests the recommended fee rate increase and enhanced staffing element will be sufficient to meet the cost of care for people with more complex needs.<br><br>**No enhanced rate for dementia or high dependency:** It is unusual for a local authority not to pay a higher rate for dementia or high dependency care, the 2017 cost of care exercise suggested the overall increase in acuity amongst care home admissions reduced the cost differentials for these types of care, in addition Cordisbright/LaingBuisson identified that providers often felt the extra £20-30 per week paid by other local authorities was not sufficient. We anticipate that the implementation of the strategic review of the older people's care home market will include an assessment of models of care and their cost.<br><br>**Reliance on self funders and third party top up fees:** From April 2021 Sheffield City Council will be responsible for collecting Care Contributions and Third Party Contributions on behalf of care homes, this will reduce their administrative burden and exposure to bad debt and will enable a more comprehensive assessment of the reliance on these. To facilitate this there has been a recruitment of a new account management in the Social Care Accounts Service (SCAS) which has been well received by providers.<br><br>**Nursing homes and local providers most at risk:** In recent years there has been a greater shrinkage in the number of Nursing home beds compared to Residential |

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| | home beds. However, care home closures and care home sales appear to be a mixture of local, regional and national providers of different sizes. As such we do not believe at this time local providers are most at risk. We believe there should be a targeted approach in support given to homes to restructure and in the implementation of the strategic review with a focus on getting the right balance of care including nursing. |
| **2.13.** | **Older Adult Care Homes Fee Rate Model:**<br><br>The standard, older adult care home fee rate is based on the cost of care exercise undertaken in 2017 and used to set the rates for 2018 onwards. This exercise illustrated the wide range of costs, business models, financial structuring and operational models in the care home sector. The outcome of the exercise was the creation of a single rate because the costings submitted suggested that this was appropriate. The details of the model are set out in the March 2018 Cabinet Report and Appendices.<br><br>The exercise showed a split between staffing and non staffing costs of 71% and 29% and this has been reaffirmed over subsequent years by open book exercises during fee consultations. The initial proposed fee rate that was consulted on this year was based on using the minimum wage uplift applied to the whole of the staffing element of the rate and CPI from September 2020 (the month that the DWP historically use to set pension rates) applied to the non-staffing element. The final proposed fee rate however reflects the feedback provided by care homes regarding the need for greater investment in the workforce and a higher than CPI increase in non staffing costs. |
| **2.14.** | **Additional Support Offered to Providers:**<br><br>Throughout the pandemic Sheffield City Council has provided a range of support measures to aid care homes. This support has included:<br>• Exceptional costs – Providers have been asked to supply details of their exceptional costs related to Covid19 for example additional PPE and Staffing, and the Council has made re-imbursements against these.<br>• Occupancy support – Where providers incurred vacancies against the number of residents that were previously funded by the Council, the Council have continued to pay for these initially at full fee rate and then on a taper over several months.<br>• Infection Control Fund – Two government grants have been administered to help care homes managed the additional costs of infection control, for example to pay full staff wages to those self-isolating or to pay staff to attend testing or vaccinations. This has been based on the number of beds a home has regardless of who funds these.<br>• Two further short term government grants are also now being administered for the sector to support the cost of care home testing and the ongoing additional workforce costs facing adult social care.<br>• 5% temporary fee uplift – All care homes were given a temporary fee uplift of 5% on Council funded placements for the first half of 2020/21. |

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| | • Staffing – The Council has recruited additional care staff in order to support care homes and other care providers facing staff shortages due to staff sickness and outbreaks.<br>• Personal Protective Equipment – PPE has been supplied to care homes on a regular basis and on an emergency basis if the homes usual supply has been disrupted.<br>• Other – other smaller schemes have been run to support care homes such as providing free tablets to aid communication with friends and family during lockdowns and signposting providers to free counselling and bereavement services. |
| **2.15.** | **Older Adult Care Homes Fee Rate Proposal:** |
| **2.16.** | **Summary of market and consultation analysis and final fee increase proposal:**<br><br>The market and consultation analysis suggests that there are continuing pressures on the older adult care home market, in particular relating to staffing costs and investment in the workforce but also non-staffing costs and the maintenance and investment in the physical accommodation. The Council has a duty to ensure that the fee rate is sufficient to maintain a market that is sufficient to support assessed care needs and to provide residents with the level of care services that they could reasonably expect to receive if the possibility of resident and third party contributions did not exist.<br><br>The original fee increase that was consulted on proposed an increase in the standard rate for care homes based on an expected increase in the minimum wage of 2.18% and CPI on non-staffing costs of 1.2%. However, providers have told us that this would not be sufficient to meet the cost of delivering care and sustain the market.<br><br>Sheffield City Council have reflected upon feedback from consultation and are proposing to increase the fee uplifts for 20/21 from the initial fee uplift used in the consultation to a 4.89% increase. The proposed increase in fee uplift is part of our ambition to work with the sector to move towards the Foundation Living Wage. Sheffield City Council strongly encourages providers to apply the uplift to increase wages for social care workers above minimum wage towards Foundation Living Wage. The increase also incorporates a higher than CPI increase in non staffing costs. The CPI was 1.2% but following feedback from providers and the Council's own analysis, this has been increased to 3% increase on the non staffing element of the rate which is 29%<br><br>Sheffield City Council are proposing an overall fee uplift of 4.89% for 21/22 for both Residential and Nursing care. The nursing care fee rate excludes the additional Funded Nursing Care (FNC) payment.<br>The Council believes that this is sufficient for the care home market to meet operating costs and provide continuity of care for people who need a care home over the next year. It is expected that market contraction and a remodelling of care will be required over the next year too in order to adjust to the changed shape of demand and ensure longer term sustainability and stability in the sector. |

| Category | 2020-21 rate | 2021-21 rate | % increase |
|---|---|---|---|
| Residential - standard | £505 | £530 | 4.89 |
| Residential – high dependency | £505 | £530 | 4.89 |
| Residential – EMI | £505 | £530 | 4.89 |
| Nursing - standard excluding FNC | £505 | £530 | 4.89 |
| Nursing enhanced excluding FNC | £505 | £530 | 4.89 |

**3. Home Care in Sheffield**

**3.1. Background**

There are two overarching contracts in place for home care services delivered on behalf of the Council: a framework agreement and a separate contract for people requiring visits during the night. The following table summarises the current position of the respective contracts:

| | **Framework Agreement** | **Care at Night** |
|---|---|---|
| **Provider(s)** | 37 active providers | 2 providers |
| **Duration** | 3 + 1<br><br>October 2017 - October 2020; 1-year extension invoked. | 3 + 2<br><br>May 2019 – May 2022; option for extension of up to 2 years. |
| **Contract Type** | The city is divided into 21 contract areas, and there is a primary provider in 15 of the 21 areas.<br><br>There is no formal guarantee of business, however work is allocated to primary providers (where available) in the first instance. Areas without a primary are brokered among the non-primary framework providers.<br><br>Primary providers have an 'upper limit' of weekly hours that | Block contract for 6 'rounds' i.e. six pairs of care workers who cover all required visits each night, citywide. |

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| | they are contractually obliged to deliver; if they are at or above the limit, they may refuse to take new work. | |
| **Operating Hours** | 07.00 – 23.00 | 23.00 – 06.00 |
| **Service Description** | Support with 'activities of daily living': personal care, mobility, medication, eating and drinking, food shopping and household tasks.<br><br>Services are predominately provided to older people, although available to meet the assessed needs of people over the age of 18, in need of support due to physical or sensory impairment, ill health, frailty, learning disability or mental health condition, including dementia or other cognitive impairment. | Support at end of life (known as 'fast-track' referrals, which commence within 24 hours), and on a long-term basis.<br><br>Visits are typically short for specific tasks such as personal care and turning to reduce risk of pressure damage.<br><br>People in receipt of Care of Night will usually also have a large care package during the day and tend to have high levels of needs. |
| **Jointly Commissioned** | No, however jointly commissioned packages (JPOC) are commissioned through the framework. | Yes (pooled budget; SCC lead for brokerage and contract management). |
| **Service Users** | Around 2,800 people in receipt of care. | Approximately 100. |
| **Staffing** | Around 1,200 people providing direct care (in addition to managerial and office staff) | Approximately 30 care workers, supported by a coordinator and the registered manager (who also has oversight of daytime operations). |
| **Volume** | Around 30,000 hours per week. | Due to nature of service / block contract, hours are |

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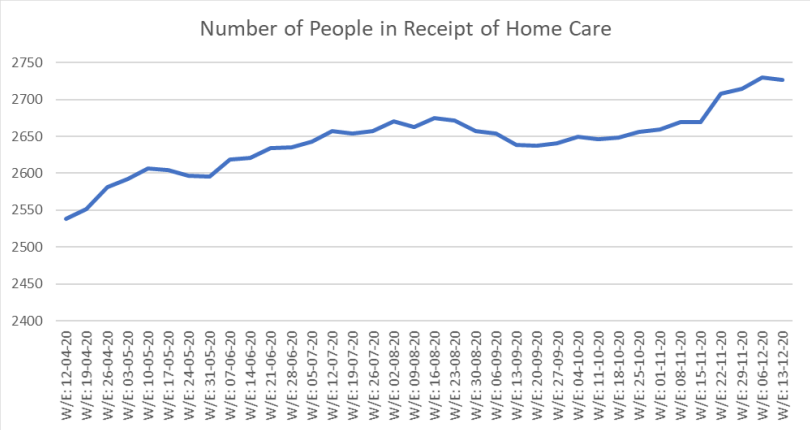
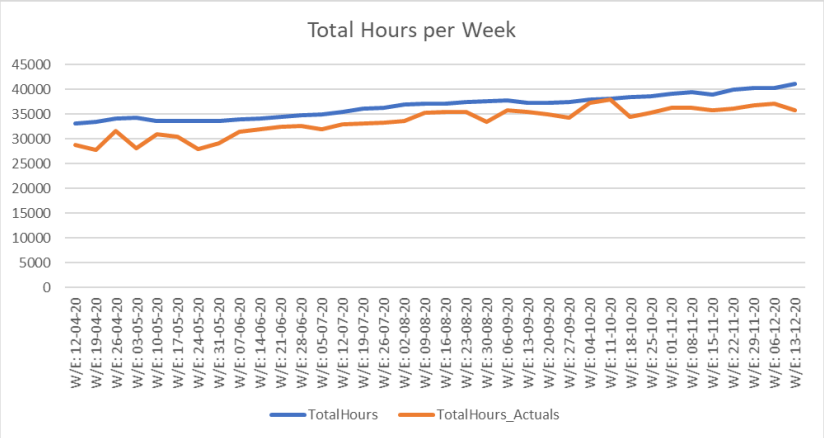
| | | not measured in the same way. There are typically around 15 service users per round. |
| **Hourly Rate** | Average £17.60; range £16.90 - £18.75 | £17.60 (linked to citywide average). |
| **Annual Spend** | £28m | £450k (total); SCC = £270k |

**3.2. Market Analysis**

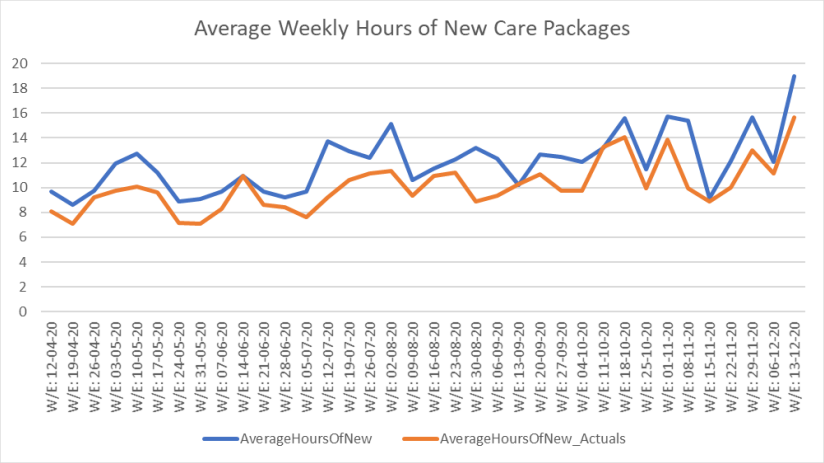
There are currently 97 CQC-registered home care providers in Sheffield, of whom 37 are on the Council's framework and actively delivering services to around 2,800 people each week. The contracted home care market is a mixed economy, including both large regional and national providers and local SME's. The largest five providers deliver around a quarter of the total weekly hours.




Despite the significant pressures relating to Covid19, the home care market has remained resilient and no contracted providers have exited the market in the past 12 months. For comparison, two framework providers decided to stop providing services during 2019/20 on the grounds of financial unsustainability.




Demand for Council-arranged home care has increased significantly in recent years from around 20,000 hours per week in 2016 to 35,000 in 2021. This increase is partially due to demographic pressures and reduced in-house provision; a person in receipt of care from a provider on the Council's framework receives on average 15 hours of care per week. Increasingly large care packages are an indicator of the higher levels of need home care workers are required to meet, with the size of *new* care packages increasing from an average of 8 to 19 hours per week.




While this continues the trend of recent years, more people remaining at home, rather than moving to care homes as an outcome of Covid19, may also have had an impact. It remains to be seen how far this upward trajectory will continue and how long more intensive home care is able to support people at home who would previously have gone into a care home. The length of stay in intensive home care is yet to be clear, as is the impact of this delayed admission to a care home on length of stay in a residential setting.

While we have been successful in developing the capacity of the market in Sheffield over the past 5 years, and do not currently experience some of the issues that other authorities report in terms of waiting lists, instability and reliance on spot purchasing (off-contract), people in receipt of services and their carers tell us home care doesn't work well for them. For example, Healthwatch Sheffield's 2019 home care report[1]

[1] https://www.healthwatch.co.uk/sites/healthwatch.co.uk/files/reports-library/20190219_Sheffield_Home%20Care%20Report%20January%202019.pdf

found '*key concerns which contrast with NICE guideline recommendations on planning and delivering person-centred home care*'.

The response of home care providers and their workers to Covid19 has been remarkable, however it is not, in some respects, a robust sector, either locally or nationally. Staff turnover is often very high, significantly impacting upon quality of care and driving up systemic costs (recruitment, training, retention), and care workers are usually paid at, or only slightly more than, the legal minimum wage. Anecdotally providers tell us that staff will move between providers to secure as little as 10 pence increase on their hourly rate.

The latest data produced by Skills for Care shows that Sheffield has the highest staff turnover of care workers in the independent non-residential sector in the Yorkshire & Humber Region[2]:

| Region | Local authority | Turnover rate |
|---|---|---|
| Yorkshire and the Humber | Sheffield | 57% |
| | Wakefield | 54% |
| | Leeds | 45% |
| | York | 40% |
| | Kingston upon Hull | 38% |
| | North Yorkshire | 38% |
| | East Riding of York.. | 37% |
| | Kirklees | 35% |
| | North East Lincoln.. | 34% |
| | Calderdale | 34% |
| | North Lincolnshire | 34% |
| | Barnsley | 32% |
| | Bradford | 24% |
| | Doncaster | 22% |
| | Rotherham | 21% |

**3.3. Benchmarking**

As with other elements of social care, home care does not receive generous funding, either locally or nationally, and Covid19 has increased cost pressures. Payment to care providers by SCC, and usually in turn to care staff, is linked to actual minutes of care delivered with banding applied, as opposed to outcomes achieved for people or commissioned hours.

While the average rate paid by the Council is nearly £3 per hour below the minimum price advocated by the UKHCA to enable providers to pay staff a living wage[3], information supplied by neighbouring authorities does indicate that Sheffield's hourly rates are comparatively competitive:

| Authority | Average | Maximum | Minimum | Comment |
|---|---|---|---|---|

[2] https://www.skillsforcare.org.uk/adult-social-care-workforce-data/Workforce-intelligence/publications/local-information/Local-authority-comparison.aspx

[3] https://www.ukhca.co.uk/memberdocs/getDownloads.aspx?_id=vfKsH/9yNqcNIvyuX7EWLSaRbpRNSzsoHKas5cQYtuM3/W5t5HFPGtO+zGbO8UvpGv47OCthOWAuYYvqJ2gmaQ==&_f=minimum_price_for_homecare_v6_0.pdf

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| | Rotherham | £16.76 | £17.37 | £16.04 | |
| | Sheffield | £17.60 | £18.75 | £16.90 | |
| | Wakefield | £16.43, plus travel payment of £1.37 per visit. | | | Payment on actuals. |

As stated above, staff working for contracted providers are typically paid at or slightly above the minimum wage[4]. No providers on the Council's framework are an accredited Living Wage employer. Aside from the Council, Home Instead Senior Care are the only home care provider in Sheffield who is currently accredited[5].

Retail is often cited as a comparable competitor with social care in the employment market. Ikea are also an accredited Living Wage employer, while Aldi[6] and most recently Morrisons[7] have committed to paying staff above the Living Wage.

**3.4. Consultation Process & Response**

The consultation process for home care comprised of two elements: 'in person' meetings with providers (conducted via Zoom) and an online survey. Providers were also invited to submit a breakdown of their costs on an open book basis in order to illustrate their narrative feedback and inform the market analysis underpinning the final fee rate recommendation.

19 providers were present at the meetings and 8 submitted online feedback, representing 63% of the total market share in terms of weekly hours delivered.

**3.5. Consultation Feedback & Analysis**

As part of the consultation providers told us about the following issues and challenges facing their sector:

**Providers told us** '*The current benchmark for care worker pay is very low (around national minimum wage level when travel time is considered). As providers and a Local Authority, we should be aiming to do much better and strive for at least the rate recommended by the Living Wage Foundation. I would respectfully propose that SCC does everything in its power to allocate more money on the proviso that providers undertake to pass it on to staff*'

[4] https://www.skillsforcare.org.uk/adult-social-care-workforce-data/Workforce-intelligence/publications/local-information/Local-authority-comparison.aspx
[5] https://www.livingwage.org.uk/accredited-living-wage-employers
[6] https://www.aldi.co.uk/living-wage#:~:text=That%20means%20that%20since%201,for%20over%204%2C150%20IRL%20colleagues.
[7] https://www.bbc.co.uk/news/business-55644631#:~:text=Morrisons%20will%20become%20the%20first,voluntary%20Living%20Wage%20Foundation%20rate.

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| | The Council aspires to ensure all workers employed organisations within its supply chain pay their staff at or above the Foundation Living Wage and acknowledges this is not the case for commissioned care services at the present time. The final proposed fee rate has taken account of the feedback from all providers and is an indication of the Council's commitment to investing in the care workforce in the city. This commitment is illustrated by the additional investment of £4.2m into fee rates for providers and the expectation that this additionality is used to enhance the wages of front line staffing in preparation for working with the Council to enshrine improved terms and conditions in future commissioning and contracting approaches.<br><br>**Providers told us** they '*feel that the gap between Sheffield City Council, NHS and social care staff wages is unfair*'.<br><br>The Council acknowledges the disparity in the city and nationally between independent care workforce wages and Local Authority and NHS wages. The final proposed fee rate has taken account of the feedback from all providers and is an indication of the Council's commitment to investing in the care workforce in the city. This commitment is illustrated by the additional investment of £4.2m into fee rates for providers and the expectation that this additionality is used to enhance the wages of front line staffing.<br><br>**Providers told us** '*We feel that this (initial 2.03%) proposed increase is not enough to cover the increase in costs of both the increase in wages and additional costs through inflation and the long-term additional costs from the on-going pandemic*'<br><br>The final proposed increase is significantly higher than the initial rate consulted on. The difference between the initial 2.03% and the final proposed rate of 4.99% is based on the feedback received from care providers regarding the cost of delivering care. Please refer to Section 6 to see details of the additional support provided to providers in relation to Covid19. Where additional costs continue to apply but government grants are not extended, the Council will work with the sector to identify appropriate support to ensure a stable sector.<br><br>**Providers told us** that '*Additional costs caused by the pandemic are having an impact on businesses'*. Most frequently raised areas are:<br>• Insurance rates and legal costs<br>• Personal Protective Equipment<br>• Transport<br>• IT equipment to facilitate home working<br>• Increased staff time to support risk assessments<br><br>The Council acknowledges the significant and varying impact of the pandemic upon providers. Please refer to Section 6 to see details of the additional support provided to providers in relation to Covid19.<br><br>**Providers told us** that '*Recruitment, vetting, training and induction costs have increased dramatically, and we are concerned regarding the changes that may incur once the economy starts to return to normality and the opportunities that may arise tempting staff outside of the care profession*' |

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| | We appreciate the concern expressed in terms of the impact upon the labour market when the economy begins to recover from the pandemic. Given the current position, it is challenging to forecast the impact upon a specific sector such as home care provision. The final proposed fee rate has taken account of the feedback from all providers and is an indication of the Council's commitment to investing in the care workforce in the city. This commitment is illustrated by the additional investment of £4.2m into fee rates for providers and the expectation that this additionality is used to enhance the wages of front line staffing in preparation for working with the Council to enshrine improved terms and conditions in future commissioning and contracting approaches.<br><br>One **provider told us** that '*We would prefer if the council would move away from ECM banded minutes and pay planned times'*<br><br>The Council has instigated a process, the Income & Payments Programme, to investigate and implement a new method of paying and charging for home care services, with payment for planned time the forerunner under consideration.<br><br>The **provider also told us** they feel that *'paying staff per minute is unreasonable*'<br><br>As stated above, a move to payment for planned time is under consideration and the Council is committed to bringing forward new approaches to the way that home care is commissioned and contracted for over the next few years that will enshrine improved terms and conditions for workers as well as outcomes for people who need care and support.<br><br>**Providers told us** that '*We are still not clear on the full impact of Brexit on the care sector and any additional costs that may be incurred*'<br><br>This is a reasonable point of concern but not something it is possible to take into account within the process of setting fees for 2021/22. The impact will be monitored in collaboration with providers over the next year and any risks and associated mitigations considered.<br><br>**Providers told us** that '*support from Sheffield City Council has been fantastic during the pandemic*'.<br><br>We are pleased to note that positive feedback about support offered during the pandemic has been a consistent theme from home care providers.<br><br>In addition to the overarching feedback that fees must be increased to enable providers pay staff the Living Wage and meet essential costs, the following specific suggestions were made by providers:<br><br>• *Increase in staff pay including travel allowance will help in staff retainment*<br><br>The increased investment in the staffing element of the fee rate should enable providers to increase wages and improve retention of staff. |

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| | • *We believe the rate of this year's uplift should be 3% to help with associated costs*<br><br>The final proposed increase in the rate is 4.99% which is significantly higher than the suggested 3%.<br><br>• *We would prefer if the council would move away from ECM banded minutes and pay planned times.*<br><br>See above.<br><br>• *There needs to be differing rates of unit price (and staff pay) for the varying complexities of services*<br><br>As stated in section 2, it is acknowledged that there is a trend toward increased weekly care hours, and this is an indicator of increased levels of need. The Council is investigating potential additional / complementary options where people have high levels of need, for instance due to advanced dementia, and / or ongoing reablement may be of benefit.<br><br>• *Block payments [during early months of the pandemic] were huge in managing effectively – we liked it and it would be good for us to have block payments.*<br><br>While there was positive feedback about the temporary use of a block payment, it was not viewed favourably by all providers. Use of a block payment while other key elements remain unchanged also creates some significant governance and administrative challenges. It is not an option likely to be re-introduced in the near future, however the relative merits and practicality will be considered as we transition to a new model of care over the coming years. |
| **3.6.** | **Fee Rate Model**<br><br>During 2016 an extensive consultation exercise was undertaken, with commissioners meeting all contracted providers individually to discuss their pricing structure and cost pressures. Following the consultation exercise, a standardised 'cost of care' model was developed. Analysis of travel time between visits in different parts of the city enabled distance between service users and typical traffic conditions to be incorporated into a range of hourly rates, with higher rates paid for suburban and rural parts of the city.<br><br>In each year from April 2018 to April 2020 the hourly rates were uplifted in line with a weighted combination of the increase to the minimum wage and the Consumer Price Index. In contrast to the previous two years, in 2020 the minimum wage increase was applied to all staffing costs (85% of costs), as opposed to solely front-line workers (75% of costs). |

The assumptions underpinning the ratios between staff and other costs came out of the cost of care exercise undertaken in conjunction with providers in 2016 and are as follows:

Front line staff: 75% total costs
Management and admin staff: 10% total costs
Non staff costs: 15%

From April to July 2020 fees were increased by an additional 5%, as part of the Covid19 response.

The hourly rates paid per area for the past three years are as follows:

| Area | Apr 18 uplift: 3.95% | Apr 19 uplift: 4.24% | Apr 20 uplift: 5.54% | Covid19 5% uplift |
|---|---|---|---|---|
| | 2018/19 | 2019/20 | 2020/21 | Apr– Jul 20 |
| A1 | £15.61 | £16.27 | £17.17 | £18.03 |
| A2 | £15.91 | £16.58 | £17.50 | £18.38 |
| A3 | £16.16 | £16.85 | £17.78 | £18.67 |
| B1 | £15.74 | £16.41 | £17.32 | £18.19 |
| B2 | £15.80 | £16.47 | £17.38 | £18.25 |
| C1 | £16.10 | £16.78 | £17.71 | £18.60 |
| C2 | £15.80 | £16.47 | £17.38 | £18.25 |
| C3 | £15.68 | £16.34 | £17.25 | £18.12 |
| D1 | £15.36 | £16.01 | £16.90 | £17.75 |
| D2 | £16.04 | £16.72 | £17.65 | £18.54 |
| D3 | £15.36 | £16.01 | £16.90 | £17.75 |
| E1 | £15.68 | £16.34 | £17.25 | £18.12 |
| E2 | £15.74 | £16.41 | £17.32 | £18.19 |
| E3 | £15.49 | £16.15 | £17.04 | £17.90 |
| F1 | £16.48 | £17.18 | £18.13 | £19.04 |
| F2 | £16.99 | £17.71 | £18.69 | £19.63 |
| F3 | £17.05 | £17.77 | £18.75 | £19.69 |
| F4 | £16.60 | £17.30 | £18.26 | £19.18 |
| G1 | £16.66 | £17.37 | £18.33 | £19.25 |
| G2 | £15.80 | £16.47 | £17.38 | £18.25 |
| G3 | £15.74 | £16.41 | £17.32 | £18.19 |
| Care at Night | £14.69 | £16.68 | £17.60 | £18.48 |
| Average | £15.99 | £16.68 | £17.60 | £18.48 |

**3.7.** **Additional Support**

The unprecedented challenges faced by the home care sector because of Covid19 required a collaborative multi-agency response.

To support the first wave (March onwards) the below support activities were

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| | introduced by Sheffield City Council for home care providers[8] (*denotes support offered to framework providers only):<br><br>• 5% uplift – Covid19 supplement*<br>• Advance fortnightly payments*<br>• Flexible block payment*<br>• Demand focused financial support and incentives*<br>• PPE support including a 7-day supply of equipment where providers have been unable to replenish their own supplies. This applies to all providers in the city (contracted and non-contracted)<br>• Support through regular virtual forums and at least fortnightly telephony-based support from our commissioning and contract managers*<br>• A dedicated 'providercovid19 inbox' and weekly updates via email<br>• A dedicated Web Page 'Coronavirus - Support for Adult Social Care providers' sharing information and sign posting to support services for providers.<br><br>The support from July 2020 onwards:<br><br>• PPE support, including a 7-day supply of equipment where providers have been unable to replenish their own supplies.<br>• Support through regular virtual forums, with frequent telephony-based support from our commissioning and contract managers. *<br>• The dedicated 'providercovid19 inbox' and weekly updates via email<br>• The dedicated Web Page 'Coronavirus - Support for Adult Social Care providers' sharing information and sign posting to support services.<br><br>The home care sector currently has the additional financial support from Central Governments Infection Control Fund, (ICF) and is able to benefit from the introduction of a national supply chain providing free PPE, introduced by the Department of Health and Social Care in the Autumn as well as the option to draw on Council funded PPE to top up their supplies if required. In addition to the ICF grant, home care providers are also able to access the short term government grant for Workforce Capacity.<br><br>It should be noted that home care providers have, and continue to provide compassionate care services during the Pandemic, with the market currently in a |

[8] Appendix 1* – 'Home Care and Support Services COVID 19 Survey - Provider Feedback July 2020' provides feedback on the value of the above support received and helped inform the planning for the below support from July 2020 onwards.

Appendix 2* – 'Home Care and Support Services Feedback - COVID 19 Survey July 2020' provides feedback on providers perceptions of the support received during the first wave and their readiness for future waves.

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| | 'steady state,' monitored by weekly Situation Reports and regular dialogue between Sheffield City Council commissioners, contract managers and care providers. The sector provides a critical role in supporting people in need of care at home to be discharged in a timely way from hospital after a period of illness and has risen to this challenge with strong performance pick up times and responsiveness to a health system under significant strain. |
| **3.8.** | **Fee Rate Proposal**<br><br>The initial fee rate proposal was based on national minimum wage increase applied to all staffing costs (85% of fee rate) and September CPI inflation rate for the non-staffing costs (15% of the fee rate).<br><br>For staff costs this means the increase in the national minimum wage (NLW) of 2.18% weighted is 1.85%. And for non-staff costs this means the increase in the consumer price index (CPI) of 1.2% weighted is 0.18%. This resulted in an initial fee increase of 2.03%.<br><br>Following the feedback from providers and the Council's commitment to improving wages for front line care workers, additional investment has been made into fee rates of £4.2m. When applied proportionately across the sectors this results in a final fee rate increase of 4.99%. |
| **4.** | **Extra Care** |
| **4.1.** | **Background**<br><br>There are 4 Extra Care contracts in place for services delivered on behalf of the Council. The following table summarises the current position of the contracts: |

| | **Extra Care** | |
|---|---|---|
| **Provider(s)** | 1 provider operates all 4 contracts | |
| **Contract Duration** | 3 + 2<br><br>2015 – 2020 October 2020 using all extension agreements. Further extended by Waiver until 24th October 2021.<br><br>The procurement process is on course for re-provision on 25th October 2021. | |
| **Contract Type** | Four individual contracts with identical terms and conditions and service specification.<br><br>Packages of care are allocated to meet the identified unmet needs of individuals living the 4 extra care schemes. The extra care contracts do not cover care packages for people who live outside these schemes. | |

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| | | The volume of business is primarily dependant on the assessed needs of individuals who live in the schemes with a minimum guarantee based on the size of the scheme.<br><br>Providers are expected to ensure staffing structures allow them to provide the contracted service to all individuals who are assessed as having an unmet eligible need. | |
| | **Operating Hours** | 24 hours, commonly defined as:<br>07.00 – 22.00 – the 'waking day, actively delivering planned care<br>22.00 – 07.00 – overnight support. unplanned care as if and when required. | |
| | **Service Description** | Support with 'activities of daily living': personal care, mobility, medication, eating and drinking, food shopping and household tasks.<br><br>Extra Care in Sheffield is a designated housing option for adults over 55 years of age. Contract services are predominately provided to older adults. However a smaller number of younger adults, in need of support due to physical or sensory impairment, ill health, frailty, learning disability or mental health condition, including dementia or other cognitive impairment, also successfully live in extra care. | |
| | **Jointly Commissioned** | No, however jointly commissioned packages (JPOC) are commissioned through the contracts | |
| | **Service Users** | Around 115 people in receipt of care. | |
| | **Staffing** | Around 60 people providing direct care (in addition to managerial and office staff) | |
| | **Volume** | 1308 hours per week, based on guaranteed minimums. | |
| | **Hourly Rate** | £16.58 per hour | |
| | **Annual Spend** | £931,132.80 | |

**4.2.** **Market Analysis**

There is currently one CQC-registered provider delivering extra care in Sheffield.

Other local, regional and national CQC registered home care providers are capable and interested in delivering against the extra care contracts and this is demonstrated in the level of interest on YOR tender when extra care contracts are re-procured.

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| | Despite the significant pressures relating to Covid19, the extra care sector has remained resilient with no contracted market exits in the past 12 months due to Covid19 pressures.<br><br>Two extra care providers did exit the Sheffield extra care market however, one in 2019 and the other in 2020, on the grounds of financial unsustainability. These contracts were taken over by the remaining provider.<br><br>Demand for extra care remains stable in Sheffield. Extra care is designed to meet housing as well as social care needs however and contracted extra care services are provided solely to people who live in the schemes. There is a waiting list of people who would like to move into extra care and a clear nomination process used across all four extra care schemes. No other waiting lists are kept as individuals who live in extra care have a clear pathway to receipt of care and support according to the assessed eligible needs.<br><br>The increasing size of care packages is an indicator of the higher levels of needs, with a key requirement to balance the care complexity to support community cohesion. This continues the trend of recent years with more people able to be supported in their own home in extra care, rather than moving to care homes.<br><br>The response of the extra care provider, and their workers, to Covid19 has been remarkable.<br><br>Some similar cost pressures to those experienced in home care apply however with systemic costs, e.g. recruitment, training, retention, impacting on the viability of extra care as sustainable business. Extra care workers are usually paid at, or only slightly more than, the legal minimum wage. This is often mitigated however due to the way they are paid, which is on a full shift basis and not an hourly rate, paid only for the time they spend with the individual service user.<br><br>A robust care sector locally and nationally, staff turnover in extra care is low, especially in comparison to other employment in the care industry. Whilst there are no local or national statistics for extra care, anecdotally extra care providers report that it is easier to recruit into posts in extra care and that staff stay in employment longer. This is due to the nature of the work, in a contained environment, without the pressure of travelling time and inclement weather, and with the additional benefit of a stable client group and a regular team of work-mates to contribute to job-satisfaction. |
| **4.3.** | **Benchmarking**<br><br>As with other elements of social care, extra care does not receive generous funding, either locally or nationally, and Covid19 has increased cost pressures. Payment to care providers by SCC, and usually in turn to care staff, is linked to actual minutes of care delivered with banding applied, as opposed to outcomes achieved for people or commissioned hours.<br><br>While the average rate paid by the Council is nearly £3 per hour below the minimum home care rate advocated by the UKHCA to enable providers to pay staff a living |

wage, information supplied by neighbouring authorities does indicate that Sheffield's extra care hourly rates are competitive:

| Authority | Average | Maximum | Minimum | Comment |
|---|---|---|---|---|
| | | | | |
| Rotherham | £14.70 | £15.26 | £14.14 | |
| Sheffield | £16.58 | £16.58 | £16.58 | Payment on actuals |
| Wakefield | £14.22 | £15.62 | £12.82 | |

As stated above, staff working for contracted providers are typically paid at or slightly above the minimum wage. The current extra care provider is not an accredited Living Wage employer.

Retail is often cited as a comparable competitor with social care in the employment market. Ikea are also an accredited Living Wage employer, while Aldi and most recently Morrison's have committed to paying staff above the Living Wage.

**4.4.** **Consultation Process & Response**

The consultation process for home care and extra care comprised of two elements: 'in person' meetings with providers (conducted via Zoom) and an online survey.

19 providers were present at the meetings (one from extra care) and 8 submitted online feedback (including the representative from extra care), representing 63% of the total market share in terms of weekly hours delivered.

**4.5.** **Consultation Feedback & Analysis**

As part of the consultation providers told us about the same issues as described above under the homecare consultation feedback and analysis section. The current extra care provider is also a home care provider. Please see above for the feedback and analysis.

**4.6.** **Fee Rate Model**

The assumptions underpinning the ratios between staff and other costs are the same as those used for home care and came out of the cost of care exercise undertaken in conjunction with providers in 2016. There are two elements to the extra care model - the 'service contract' and the hourly rate. The service contract is not within the scope of this process and the current contract was extended with reprocurement planned for the forthcoming year.

From April to July 2020 fees were increased by an additional 5%, as part of the Covid19 response.

The hourly rates paid in extra care for the past three years are as follows:

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| | Apr 18 | Apr 19 uplift: 4.24% | Apr 20 uplift: 5.54% | Covid19 5% uplift |
| | 2018/19 | 2019/20 | 2020/21 | Apr– Jul 20 |
| | £15.07 | £15.71 | £16.58 | £17.41 |

**4.7.** **Additional Support**

The unprecedented challenges faced by the extra care sector because of Covid19 required a collaborative multi-agency response. Please see the Additional Support section above for home care as the same approach was taken to supporting this sector.

It should be noted that extra care providers have, and continue to provide exceptional care services during the pandemic. The sector provides a critical role in supporting people in need of care at home to be discharged in a timely way from hospital after a period of illness and has recently responded quickly to develop step down flats for people being discharged from hospital.

**4.8.** **Fee Rate Proposal**

The initial fee rate proposal was based on national minimum wage increase applied to all staffing costs (85% of fee rate) and September CPI inflation rate for the non-staffing costs (15% of the fee rate).

For staff costs this means the increase in the national minimum wage (NLW) of 2.18% weighted is 1.85%. And for non-staff costs this means the increase in the consumer price index (CPI) of 1.2% weighted is 0.18%. This resulted in an initial fee increase of 2.03%.

Following the feedback from providers and the Council's commitment to improving wages for front line care workers, additional investment has been made into fee rates of £4.2m. When applied proportionately across the sectors this results in a final fee rate increase of 4.99%.

**5.** **Supported Living**

**5.1.** **Background**

Supported living is now the single largest service area for local people with a learning disability in Sheffield. Approximately 750 people have support from supported living providers – either in their own tenancies or in their family homes. The majority of support is arranged by the Council, with a smaller number of people funding their support through Direct Payments.

The Supported Living Framework has been in place since October 2017 and expires in October 2021. In addition to providers who deliver services under the Framework contract, there are 9 non-contracted providers supporting 15% of the people in Supported Living. One of the strengths of the framework is the diversity of providers, a mix of large and small companies - local, regional and national, with the majority

being ‘not for profit’ organisations. The hourly rates are aligned with the geographical rates for home care services. There is also a discounted rate for supported living services that provide over 56 hours in any one property location, and an hourly rate for night time support. We are confident that our sleep in rate is an hourly rate that is sufficient for providers to ensure that minimum wage is covered for sleep ins we commission. We are planning however to consult with providers over the next year to establish how much of the hourly rate we pay is paid directly to workers. The local framework prices provide a ‘guide price’ for non-framework providers, helping ensure financial transparency and value for money for people accessing them through their Direct Payments.

A number of the Framework providers work across the region. Since 2019, there has also been an Enhanced Regional Framework in place to support the provision of services for people moving out of long stay hospitals as part of the Transforming Care agenda. There are 5 Sheffield Supported Living Framework providers who are also on the Enhanced Regional Framework. To date, there have been two call offs from this Framework for new Supported Living at Dover Street and Wordsworth View, and it has been helpful to use the enhanced hourly rates (between £18-£23) to reflect the additional and specialist support to meet the tenants’ assessed needs.

**5.2.** **Market Analysis**

There are 32 providers on the Supported Living Framework, 22 are actively engaged with Commissioners. The total number of people in Supported Living is 582 with contracted providers under the Supported Living Framework plus approximately 160 people supported by non-contracted providers.
No providers have exited the market in 2020.

**5.3.** **Sheffield Comparator Rates**

The table below summarises the rates across the neighbouring local authorities:

| LA | Day time hourly rate | Night time rate (sleeping night) | Other |
|---|---|---|---|
| Sheffield | £16.58 | £11.05 | Geographical rates |
| Rotherham | £16.22 (average) | £10.49 | Range from £13.81 -£17.84 |
| Barnsley | £14.97 (average) | | Range from £13.91 - £16.91 |
| Doncaster | £15.86 (average) | £10.38 | Range from £14.90 - £18.11 |

**5.4.** **Quality monitoring**

The Quality and Performance team schedule 2 visits to Supported Living providers every 6 months with both the contracted and non-contracted providers, as well as ad

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| | hoc monitoring in response to intelligence from colleagues in Assessment & Care Management and Health. Since March 2020 due to Covid19 restrictions, quality monitoring has been completed 'virtually' via zoom calls with the registered manager, telephone calls and paper-based assessments. The Learning Disability Commissioning team have also piloted a feedback survey, engaging with the Voices group and tenants in one supported living development. This is a qualitative survey, focusing on people's experience during the pandemic and it will be rolled out over the coming months. The quality of all the providers has remained stable over the past year with the position unchanged from January 2020. |
| **5.5.** | **Costs and Pressures**<br><br>The main cost pressure for providers is around maintaining staff wage levels to meet the statutory minimum wage requirements, remain competitive and are commensurate with the additional commitment shown by workers during the pandemic. There is also a continued need to maintain a differential in pay between support workers, senior workers and managers. During the consultation, providers also raised concerns in relation to the ongoing increased level of expenditure around infection control and PPE, and uncertainty following Brexit potentially leading to an increase in costs of goods and services.<br><br>Additional concerns were that the new age limit for the minimum wage will be 23 and above from April 2021, rather than 25 and above as it is currently and that this did not appear to be part of the fee rate calculation. A small number of providers also fed back that their staff are already paid a higher rate than the minimum wage – so increasing fees in line with this would not meet their costs. |
| **5.6.** | **Cost Model**<br><br>There is an increasing focus on reducing the complexity of the costing model, both from Commissioners and Providers. During the consultation, providers fed back that the elimination of the geographical rate would 'reduce administration and confusion' (for Commissioners, social workers, Direct Payment recipients and providers), but that 'any potential loss would need to outweigh administrative gains and that the average rate would have to be investigated properly'. |
| **5.7.** | **Supported Living Consultation Process and Response**<br><br>The consultation process for Supported Living comprised of two elements: 'in person' meetings with providers (conducted via Zoom) and an online survey.<br>9 providers were represented at the meeting and 9 providers submitted online feedback |
| **5.8.** | **Supported Living Consultation Feedback**<br><br>Nine of the 32 supported living providers on the Supported Living Framework responded to the formal consultation letter (December 2020) that set out the proposed fee and requested feedback from providers. The providers who responded to the consultation letter represent 79.3% of the market share although one of the providers who responded was a non-contracted provider. However, as only 22 of the |

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| | providers on the Supported Living framework are active at this time, and as all responses were from active providers, the response rate is approx. 41% of the active providers.<br><br>Three providers accepted the initial proposed uplift of 2.03%.<br><br>One provider responded by letter and requested an uplift of 7.07% for supported living services. Although they have included Covid19 related costs which they have worked out at an additional 2.43%. This provider is requesting a base rate uplift of 4.64% when costs of Covid19 are removed.<br><br>Three of the nine providers claimed that the proposed uplift of 2.03% would not meet operating costs. However, they did not claim that they would not be able to continue operating with this fee uplift.<br>One provider said that it would be difficult to meet the minimum wage increase & this would impact on staffing levels. & quality of service.<br><br>Some of the feedback from the Supported Living providers overlaps with that from care homes, extra care housing and home care: they wish to pay all social care staff more to reward them for the work carried out during the pandemic. Providers would be keen to move towards paying staff the Real/Foundation Living Wage.<br><br>Providers raise the need to maintain a differential in pay between support workers, senior workers and managers.<br><br>Providers raise the challenges faced by Covid19. This includes additional increases in business costs including the following:<br>• Insurance<br>• Personal Protective Equipment<br>• Additional staff time to carry out risk assessments and testing<br><br>Providers were clear that the annual fee uplift proposal should be separated from additional relief funding relating to Covid19.<br><br>Some providers suggested they would be open to exploring the costing model. They were keen to reduce complexity and admin time so long as this did not have an adverse impact on the profitability of the rate.<br><br>Providers have said that they are paying staff above national minimum wage, therefore uplifts in line with National Minimum Wage will not cover all costs of staffing.<br><br>One provider also suggested that the Council should review its use of day services for those individuals who live in supported living accommodation.<br><br>One provider claimed that the proposed increase does not cover the increase in pension contribution.<br><br>One provider also claimed that the use of Personal Assistants should be reviewed in Supported Living Settings. |

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| **5.9.** | **Analysis of Feedback from Supported Living and Market Analysis:**<br><br>The market and consultation analysis suggests that there are continuing pressures on supported living market, in particular relating to staff recruitment and retention. The original fee increase that was consulted on proposed an increase based on national minimum wage increase applied to all staffing costs (85% of fee rate) and September CPI inflation rate for the non-staffing costs (15% of the fee rate).<br>For staff costs this means the increase in the national minimum wage (NLW) of 2.18% weighted is 1.85%. And for non-staff costs this means the increase in the consumer price index (CPI) of 1.2% weighted is 0.18%. This proposal would result in a fee increase of 2.03%.<br>Sheffield City Council have reflected upon feedback from consultation and are proposing to increase the fee uplifts for 20/21 from the initial fee uplift used in the consultation. The proposed increase in fee uplift is part of our ambition to move towards the Foundation Living Wage. Sheffield City Council strongly recommends that providers apply the uplift to increase wages for social care workers above minimum wage towards Foundation Living Wage.<br>Sheffield City Council are proposing an overall fee uplift for supported living of 4.99% for 21/22.<br><br>This will mean an increase from the current rates as set out in the proposal section below: |
| **5.10.** | **Fee Rate Model:**<br><br>During 2016 an extensive consultation exercise was undertaken with home care providers to understand their pricing structure and cost pressures. Following the consultation exercise, a standardised 'cost of care' model was developed. Analysis of travel time between visits in different parts of the city enabled distance between service users and typical traffic conditions to be incorporated into a range of hourly rates, with higher rates paid for suburban and rural parts of the city. This standardised 'cost of care' model was used for home support and supported living.<br><br>In April 2018, 2019 and 2020 the hourly rates were uplifted in line with a weighted combination of the increase to the minimum wage and the Consumer Price Index. |
| **5.11.** | **Additional Support**<br><br>During the past 10 months, all social care providers have faced and met unprecedented challenges due to Covid19. Supported Living providers have had to contend with the additional anxieties relating to the disproportionate death rate amongst the learning disability population, changes to government guidance on shielding, supporting family carers in decision making and providing additional support when day services have been closed or people have chosen not to attend.<br><br>The Commissioning team have maintained regular communications with all providers via the dedicated providercovid19 in box as well as being available by |

telephone or zoom for individual queries and support. We now have additional resource in the Learning Disability team and this has enabled us to focus on financial support offered to providers during the pandemic, and improved invoice verification processes to ensure more efficient and timely payments.

We have an active provider network that meets quarterly. These meetings are preceded by a Registered Managers meeting which is hosted by *Skills for Care* and feeds back to the main meeting. The providers suggest agenda items and use the meetings as an opportunity to share best practice. We also send information to local supported living providers who are not on our framework but are funded through Direct Payments

**5.12.** **Fee Rate Proposal:**

Based on the feedback from providers via Citizenspace, the fees consultation and ongoing conversations, a fee increase of 4.99% is recommended.

During 21/22 it is also recommended that:

- There is further consultation and consideration to amend the rates so that there is one rate for community outreach to replace the current geographical system
- There is further analysis of larger support packages for people with more complex support needs to ensure that the enhanced hourly rate that has been agreed historically is not falling behind the new standard Framework rates. These enhanced rates need to reflect the higher hourly rate paid to the support workers as well as to the additional training & management time

A full break down of the increased rates per framework contract area is provided below:

| Area | Apr 18 uplift: 3.95% | Apr 19 uplift: 4.24% | Apr 20 uplift: 5.54% | Apr 21 uplift: 4.99% |
|---|---|---|---|---|
| | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
| A1 | £15.61 | £16.27 | £17.17 | £18.03 |
| A2 | £15.91 | £16.58 | £17.50 | £18.37 |
| A3 | £16.16 | £16.85 | £17.78 | £18.67 |
| B1 | £15.74 | £16.41 | £17.32 | £18.18 |
| B2 | £15.80 | £16.47 | £17.38 | £18.25 |
| C1 | £16.10 | £16.78 | £17.71 | £18.59 |
| C2 | £15.80 | £16.47 | £17.38 | £18.25 |
| C3 | £15.68 | £16.34 | £17.25 | £18.11 |

| | | | | | |
|---|---|---|---|---|---|
| D1 | £15.36 | £16.01 | £16.90 | £17.74 |
| D2 | £16.04 | £16.72 | £17.65 | £18.53 |
| D3 | £15.36 | £16.01 | £16.90 | £17.74 |
| E1 | £15.68 | £16.34 | £17.25 | £18.11 |
| E2 | £15.74 | £16.41 | £17.32 | £18.18 |
| E3 | £15.49 | £16.15 | £17.04 | £17.89 |
| F1 | £16.48 | £17.18 | £18.13 | £19.04 |
| F2 | £16.99 | £17.71 | £18.69 | £19.62 |
| F3 | £17.05 | £17.77 | £18.75 | £19.69 |
| F4 | £16.60 | £17.30 | £18.26 | £19.17 |
| G1 | £16.66 | £17.37 | £18.33 | £19.24 |
| G2 | £15.80 | £16.47 | £17.38 | £18.25 |
| G3 | £15.74 | £16.41 | £17.32 | £18.18 |
| Care at Night | £14.69 | £16.68 | £17.60 | £18.48 |
| Average | £15.99 | £16.68 | £17.60 | £18.48 |

**6. Complex Needs, Learning Disabilities and Non-Standard Residential Care Homes**

**6.1** The local care home market includes a number of residential and nursing care services where placement costs exceed Sheffield's standard rates – 'non-standard' fees. The majority of care homes at 'non-standard' fee rates support working age adults with learning disabilities, physical disabilities or mental health problems. Some support adults from two or more of these customer groups.

**6.2** There are 33 care homes for adults with learning disabilities, physical disabilities or mental health problems in Sheffield. Most provide continuing care with a small number specialising in residential respite/short breaks services.

There are a number of high cost residential placements for people with a Learning Disability. A high cost placement is deemed as being costed in excess of £950 per week and includes residential placements within Sheffield and out of the city. In total there are 324 placements within this cohort, which is spread across a total number of 79 providers; 18 of these providers are based within Sheffield and 61 of these providers operate outside of Sheffield. A total of 169 individual placements are based within Sheffield and 155 individual placements are based out of City.

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| | The market in 'non-standard' fee care homes has been relatively stable this year. There have been two exits from this market in Sheffield in the last year, both on quality and safeguarding grounds. This capacity has been more than compensated for by new supported living schemes offering high quality accommodation with support from providers on our supported living framework.<br>In addition to funding the above placements in residential and nursing care homes with non- standard fees in Sheffield, the also Council funds placements in a range of out of city care homes. The approach set out below covers our proposals for 2020/21 fees for both in city and out of city care homes.<br>In 2019, we set up a Value for Money and Quality (VFMQ) project team and have begun working with non-standard providers. The aim of the project is for us to better understand the complexity of factors that contribute to the variation in costs and establish a fair cost of care that will underpin our approach to uplifts and to new placements in the future. Our objectives are:<br><br>• to understand costs in the context of the type of care and support that<br>• is delivered<br>• to consider the outcomes for residents that are achieved, and<br>• to evaluate the experience of residents and their families<br><br>Unfortunately, Covid19 has impacted on the capacity of the commissioning and contracts team to progress this project as far as we hoped. However, the work is ongoing and increasingly jointly undertaken with commissioners and contracts colleagues at Sheffield Clinical Commissioning Group given that many of the people living in these care homes may have health needs as well as social care needs. |
| **6.3** | **Learning Disability Non Standard Rate Care Homes Consultation Process**<br>The fee review process for non-standard fees is different from the arrangements for standard fees. This is because these placements are contractually different in a number of ways:<br><br>• Fees were set individually by the provider or negotiated on an<br>• individual basis, and not on the basis of a standard fee level fixed by<br>• the Council.<br>• The range of fees charged varies significantly from less than £500 per<br>• week to over £2,000 per week.<br>• Different care homes have different cost structures and specific<br>• budget pressures can impact on them in ways specific to their business. |
| **6.4** | **Consultation Response**<br><br>Non standard rate residential care providers (65 providers outside Sheffield and 28 in Sheffield) were contacted with the proposal to offer 1.9% uplift to the individual rate paid by the Council. This did not include an uplift to the CCG funded element of any joint packages or CCG fully funded packages of care with these providers. |

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| **6.5** | **Analysis of Feedback**<br>The Council has reviewed the response from providers in this market and the findings from the Value for Money and Quality project. Each fee is individually negotiated at the point of placement and adjusted where there is a change in need or via the Value for Money and Quality project. The bespoke nature of fees in this sector makes it challenging to apply a blanket increase. The recommendation to proceed with an 1.9% increase for this sector based on the minimum wage increase applied to 71% of the rate and CPI being applied to the non staffing 29% of the rate.<br><br>Where providers request a more in depth review of their fees, the Value for Money and Quality team will work with them in collaboration with the CCG and Assessment and Care Management to review their individually negotiated rates.<br><br>The Council reserves the discretion, with commissioners in Health, to withhold this uplift and negotiate with individual providers where contractual requirements are outstanding or poor health and social care outcomes are evident. |
| **6.6** | **Fee Rate Model**<br><br>The cost model of care in this sector is highly variable and often bespoke to the needs of the individual resident or the specialism of the residential care provider. The fee rates are individually negotiated at the point of placement and have not historically been subject to % uplifts via this review and consultation process. However Council commissioners are increasingly working in partnership with the Sheffield CCG to develop a stronger market management approach and fee review process.<br><br>The Value for Money and Quality project will re-establish work with the sector with a focus on a small number of providers who have requested an in depth review of their cost model and fee rates over the next 12 months. |
| **6.7** | **Complex Needs, Learning Disability and Non-Standard Residential Care Home Fee Rate Proposal**<br><br>The VFMQ project uncovered fee rate discrepancies that have arisen over time and need to be addressed systematically. Unfortunately progress has been slower than hoped on this work due to Covid19. However, work continues with a number of providers to review their historical fee levels. It is therefore recommended that an increase of 1.9% is approved for nonstandard rate provider fees for 2021-22 while we continue with more detailed analysis via the Value For Money and Quality project, working in partnership with the Sheffield Clinical Commissioning Group.<br><br>We feel that the new approach will increase our capacity to embed the Value for Money principles and result in a more consistent outcome that focuses on the quality of provision as well as ensuring that fees are sufficient to meet residents' needs and lead to a sustainable market in circumstances where an individual cannot be supported in standard residential or nursing care. |

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| **6.1.** | **Direct Payments** |
| 6.1.1. | **Background:**<br><br>Direct Payments are available to people of any age and have been in use in social care since the mid-1990s. They remain the preferred mechanism for true personalised care and support. They provide independence, choice and control by enabling people to arrange and manage their own support.<br><br>Direct Payments are monetary payments made to individuals who request them to meet some or all of their eligible care and support needs. It is made in lieu of services. The legislative context for Direct Payments is set out in the Care Act, Section 117(2C) of the Mental Health Act 1983 (the 1983 Act) and the Care and Support (Direct Payments) Regulations 2014. Statutory guidance states:<br><br>*'a Direct Payment is designed to be used flexibly and innovatively and there should be no unreasonable restriction placed on the use of the payment, as long as it is being used to meet eligible care and support needs'* |
| 6.1.2. | **Our Vision for Direct Payments**<br><br>The Council is working with people who use or would like to use direct payments to meet their care and support needs on a programme of improvements to the way direct payments are supported by the Council. This Direct Payments improvement programme has identified its ambitions for Direct Payments in Sheffield. This are:<br><br>• Individuals have the choice and control to use their budgets flexibly to meet their needs, prevent any escalation or crisis and to avoid unnecessary social care support<br>• Individuals have access to a thriving marketplace from which to purchase the right support for them at the right time<br>• People have access to specialist support to set up the Direct Payment budgets, to purchase their care or support in the right way and to respond to issues early<br>• Increased numbers of people confidently using Direct Payments in innovative ways that create value for money<br>• Calculations for budgets are appropriate to meet needs and don't require high levels of recovery<br>• Individuals understand their responsibilities in relation to Direct Payments and the Council has checks and balances in place to ensure money is being spent appropriately<br>• Budgets are recorded on the system in a way that allows for planning, financial forecasting and good market management |
| 6.1.3. | **Current Position**<br><br>The number of Direct Payment recipients in Sheffield remains consistent and has uptake in all service areas across all ages. |

Table 1 below shows the number of Direct Payment recipients against the budget and the annual cost of support.

| Budget | No. of People | Annual Cost |
|---|---|---|
| 0-25 Purchasing | 145 | £3,073,019 |
| Adults - Future Options | 10 | £57,435 |
| Learning Disability | 739 | £16,772,127 |
| Mental Health Purchasing | 257 | £3,355,892 |
| Older People | 463 | £7,609,123 |
| Physical Disability | 491 | £9,728,892 |
| Reablement Frontline | 1 | £790 |
| **Totals** | **2106** | **£40,597,277** |

Table 2 below shows the number of types of use of Direct Payments and the spend against each. One person can have several different types of Direct Payment, e.g. they may employ a Personal Assistant to support them with daily activities including personal care, purchase daytime activities and have financial support such as payroll or a money management company.

| Service Type | No. of People | Annual Cost |
|---|---|---|
| Adults Direct Payment - Activities | 626 | £5,227,277 |
| Adults Direct Payment - Financial Support | 1184 | £901,553 |
| Adults Direct Payment - Home Support | 455 | £10,702,528 |
| Adults Direct Payment - Other | 270 | £1,844,761 |
| Adults Direct Payment – Personal Assistant | 676 | £10,914,933 |
| Adults Direct Payment - Respite | 122 | £1,352,540 |
| Adults Direct Payment - Supported Living | 135 | £5,241,860 |
| Adults Direct Payment - Transport | 100 | £355,728 |
| Carer Direct Payment - Financial Support | 1 | £550 |
| Carer Direct Payment - Home Support | 4 | £11,945 |

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|---|---|---|---|
| Carer Direct Payment - Other | 10 | £18,988 |
| Carer Direct Payment - PA | 4 | £8,798 |
| Direct Payment - Migrated | 278 | £4,015,817 |
| **Totals** | **3865** | **£40,597,277** |

6.1.4. **Improvement Programme**

Since the improvement programme commenced in 2020, significant progress has been made, including:

- A detailed review of existing Direct Payments systems and processes is completed
- Involvement and co-production – all aspects of the improvement work have been co-designed. Contract awarded to Disability Sheffield to support the facilitation of all engagement work
- A dedicated specialist commissioning service manager taking the lead for Direct Payments and linking together specialists into a virtual improvement team
- Improving client management systems to gain richer intelligence of the support offer and costs
- Reconfiguring the system to release social workers to do social work and drive up quality through specialist Direct Payments team and provide an independent support service for Direct Payment recipients
- A proactive response to the Covid19 pandemic for Direct Payment recipients – in partnership with Disability Sheffield: production of FAQs and guidance, emergency payments, agreement of flexible support, emergency PA register, PPE availability, risk tools

The review comprised of an examination of all processes and systems and series of interviews and surveys with people receiving Direct Payments, staff from all areas and levels and community or provider groups supporting Direct Payments. From this evaluation a detailed three-year work plan has been developed to manage the improvement work. The programme is governed by a steering group who oversee the progress of five workstreams. The workstreams are:

- **Policy** – aligning the Sheffield approach to legislation
- **Process** – ensuring transparent straightforward process and practices are in place
- **Direct Payment Support** – appropriate support is available for both people using Direct Payments and staff arranging them
- **Money Management** – there is high quality person-centred support available to only those who really need it
- **Market Shaping** – there is a range of thriving vibrant support opportunities from which to purchase the right support, at the right time

Several projects were identified as priorities and are now either well underway or are due to commence. All projects and areas of work have a focus on improving quality and enhancing the experience of all those involved in Direct Payments. The

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| | emphasis is to ensure that Direct Payments are set up and costed accurately from the outset with clear parameters of use and flexibility in approach. It is vital the appropriate support is in place for recipients to fulfil their obligations and that as a local authority we reduce the burden and bureaucracy currently in place. Focussing efforts on improving the front end of the process should reduce errors and minimise risk of failure. It will also enable more accurate management of budget outlay rather than an emphasis on budget recovery. |
| 6.1.5. | **Annual review of Direct Payments:**<br><br>As Direct Payments are in lieu of services, many are for long-term support for individuals. Fundamental to Direct Payments is autonomy and choice and an expectation that people can arrange and manage their support and live their life independent of social care.<br><br>Integral to this independence is ensuring that the Direct Payment is sustainable for the individual year on year (or however long the support is required). This means creating systems that cause minimal disruption to the management of the Direct Payment. The two key elements to this are ensuring annual increases to manage inflation and ensuring adequate funding is in place to purchase appropriate support. An accepted practice in the care market, and any other business sector, is the annual fee increase. It is recognised that costs rise and therefore increases to manage market forces are required. The Council accepts necessary increase awards for its contracted and Framework providers. In the same way, people arranging their support through Direct Payments have the same challenge with fee increases.<br><br>For many years the Council have not provided automatic uplifts or increases for Direct Payments. The onus has been on Direct Payment recipients to request and justify increases to their social care costs. This practice is not only an unfair expectation on Direct Payment recipients but also means that is difficult to forecast and manage social care budgets as there is limited regulation for consistency on increase requests. It also means unnecessary demands on social worker resources to respond to requests on an individual basis rather than taking a commissioning led approach to the Direct Payment market place. Building in a systematic review that is equitable across the care sector addresses these issues.<br><br>Although Direct Payments as a whole should be subject to annual review and appropriate increases, there are two specific areas of consideration for cost increases, ensuring the Council's statutory duty of ensuring Direct Payments are sufficient to meet the individual's needs are met. These are provider and Personal Assistant rates. |
| 6.1.6. | **Covid19 Response**<br><br>Supporting people on Direct Payments to be able to maintain and manage their Direct Payments through the Covid19 pandemic has been a priority throughout the year. Steps to support people were put in place at a very early stage and has meant that a significant number of people have been able to flex their support to stay safe and remain as independent as possible. |

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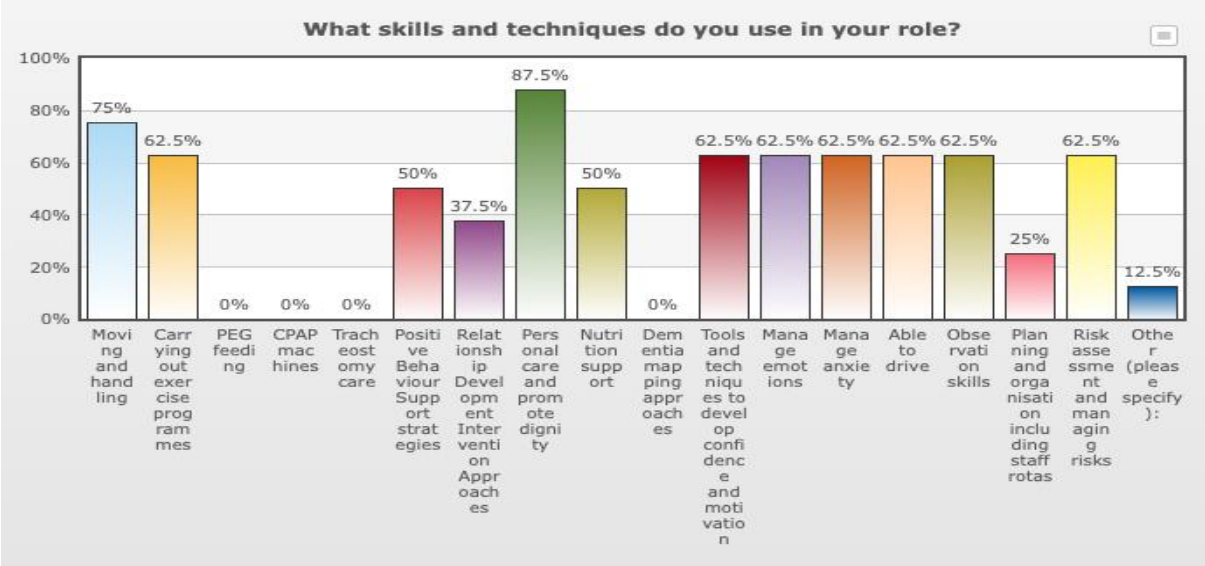
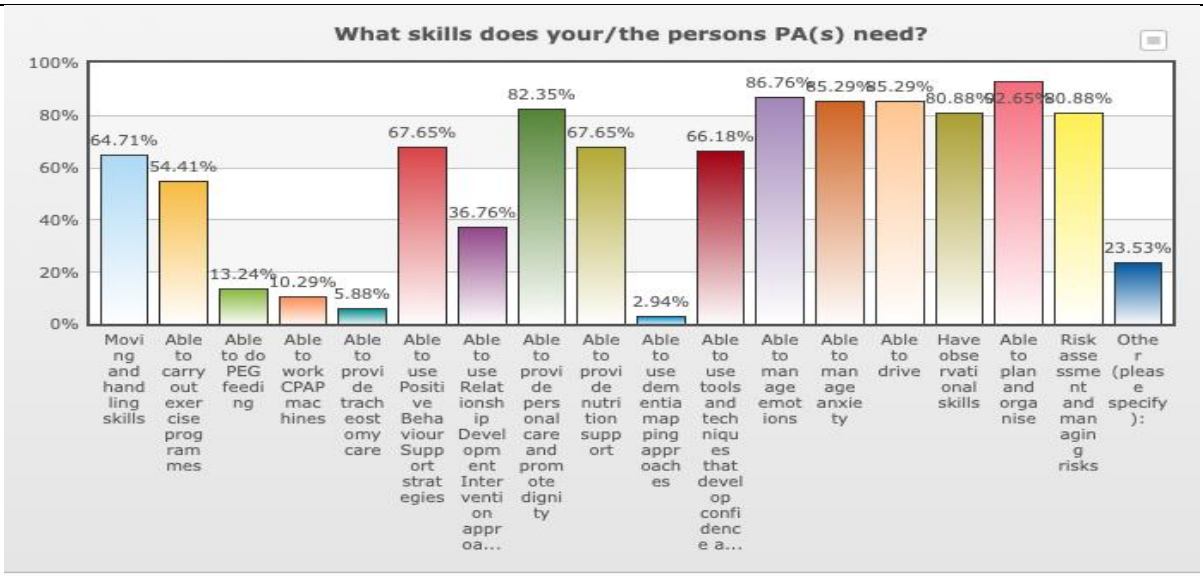
| | A suite of information was created to give people advice on how they could manage employment of Personal Assistants (PAs) and access support from Providers. Frequently Asked Questions, Risk tools for PAs returning to work were all coproduced and made available to all Direct Payment recipients.<br>In partnership with Disability Sheffield a web page was developed as a hub of all Direct Payment related Covid19 information. We supported them to resource an emergency PA register for people who needed extra PA cover and make PPE available. Disability Sheffield are continuing to offer these services. Emergency payment arrangements were put in place to ensure people had sufficient money to buy alternative support, if it was needed, and meet extended employee duties such as sick pay. Currently, we are ensuring PA vaccines are made as part of the government roll out programme. |
| 6.1.7. | **Provider Rate**<br><br>Many people using Direct Payments choose to purchase support from a care or support provider. When this is done through Direct Payments it is a private contractual arrangement between the individual and the provider. This is often a preferred way rather than choosing Council arranged services, as often the individual can negotiate additional or alternative conditions with the provider, such as, more personalised support, flexible hours, etc.<br><br>It is essential that people can chose to arrange their support this way and therefore that it is reviewed annually and increases awarded to the Direct Payment where appropriate and in line with other contracted provision to ensure this arrangement remains tenable.<br><br>Providers' annual increases for Direct Payments will be subject to the same criteria as Council arranged services. The principles applied are:<br><br>• Uplifts are in line with the agreed framework % increase rates and do not exceed the current contracted fee price or framework guide prices<br>• Increase requests above these must:<br>  • demonstrate the specific specialisms required to meet the individual's needs.<br>  • be done in conjunction with the social care team and direct payment recipient<br>  • involve the expertise of a contracts officer, where the provider is supporting a group of people<br>  • All should demonstrate value for money principles |
| 6.1.8. | **Personal Assistant Rate**<br><br>A Personal Assistant (PA) works directly with an individual, to support them with various aspects of their daily life so that the person can live their life in the way they choose. PAs are usually employed directly by the person who needs care and support. This person is their employer (and are often referred to as an 'individual employer'). They can also be employed by a family member or representative when the person they are supporting does not have the physical or mental capacity to be the employer. Some PAs work with more than one individual. |

People who employ PAs often cite better outcomes and talk about an enhanced experience to their support, despite having to deal with becoming an employer.
*"My PAs know me and my support needs very well. Having dedicated workers means that I do not need to describe the help I need each time. It is so demoralising when I used to tell someone new each day – soul destroying reminding me what I can't do. Now we do things together and I can rely on my PAs completely."* - anon, Individual Employer, Sheffield.

Skills for Care research on the PA workforce found that each individual employer employs on average 1.93 PAs each, creating approximately 135,000 jobs. Turnover rates amongst PA's is 16.7% compared to 38.1% for care workers. PAs also take less sick leave, 1.7 days compared to 5.3 days for care workers (2020) and 8.8 days for local authority staff (17/18).

Skills and Knowledge: Many PAs enjoy their role supporting people to be more independent and included within their communities as can be seen from the quotes below
*"I enjoy my time at work it is not only a job it is a responsibility".*
*"The job is highly rewarding and very enjoyable seeing the care and assistance that I had given to this individual making their life a lot more stress free and giving them a better quality of life".*
A recent survey for Individual Employers and PAs by JuST Works, identified the skills and knowledge required. These reflect roles taken on by PAs funded by social care, health and self-funders.






Analysis of job roles demonstrates a wide variation in responsibilities and work is currently underway, coproduced with people who use direct payments, to develop the Council's approach to assessing the appropriate rate for a PA.

6.1.9. **Final Proposal for Direct Payment Increases:**

The final proposal is based on recognising that PA rates should be increased in line with the enhanced staffing investment in the staffing elements of other sectors in this report to ensure a proportionate investment of the additional £4.2m into PA rates. The Council proposes increasing the proportion of each Direct Payment recipient's payment by 5.66%. The remainder of each person's Direct Payment will be increased in line with the increase in home support e.g. 4.99%.

The Council will write to all Direct Payment recipients to highlight the ambition for the increase in PA rates to be used to cover employment costs and enhance wages. The Council will also highlight that the additional funds for non-PA related spend is also intended to support providers the person contracts with to improve staff wages.

**6.2. Day Activities**

6.2.1. **Background**

The local market for community and day opportunities for adults with dementia and learning disabilities in Sheffield is diverse, ranging from mainstream community organisations to high cost provision for people with specific or complex support needs.

The size and offer from providers varies widely from large services with turnover exceeding £1m per year to small organisations employing only one part time member of staff. Most organisations provide building-based activities as well as some delivering support in the community and outreach.

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| | In total, there are currently approximately **750 individuals** accessing independent sector day activities from around **40 local providers.** |
| 6.2.2. | **Additional Support**<br><br>During the first lockdown, all building based services were closed. The majority of providers were proactive and innovative in the alternative services they delivered, running music and other activities via zoom or by delivering activity packs. Providers continued to receive payments (either Council Arranged or Direct Payment) based on February 2020 levels. This process continued until October when payments to providers reverted to actuals with top up payments for occupancy gaps; this has now been agreed until March 31st 2021.<br>All discussions regarding how services are delivered during the pandemic have needed to balance the risk of carer breakdown, impact on physical and mental health for people being supported with the risk of a possible transmission of Covid19.<br>The Commissioning team have worked closely with all the providers and with Public Health locally and nationally throughout the pandemic, and offered the following:<br>• regular communications with all providers via the dedicated providercovid19 in box as well as being available by telephone or zoom for individual queries and support.<br>• Regular provider meetings and Q&A sessions with Public Health and Assessment and Care Management<br>• Support to meet additional costs e.g. PPE<br>• Infection control training<br>• Volunteers to enable people to be supported in smaller groups or where a provider has temporary staffing issues i.e. people in self- isolation.<br>• Support for providers in planning for re-opening of building –based services in line with emerging new guidance |
| 6.2.3. | **Quality monitoring**<br><br>Five dementia day service providers are on a block contract and submit monthly or quarterly monitoring returns and receive 6 monthly quality visits. 10 day service providers are currently on the Recognised Provider List (RPL) and are monitored via an annual self-assessment and risk assessed to determine whether a quality visit is undertaken. In the absence of a Framework and dedicated quality monitoring resource, the Commissioning team will investigate and act upon any intelligence where quality issues are raised and support individual providers on a case by case basis to improve their quality and performance. |
| 6.2.4. | **Pressures**<br><br>Day service providers raise the same issues as their counterparts in other social care sectors i.e. the pressure of the minimum wage increase, competing in the labour market, increased non-staffing costs including additional expenses incurred |

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| | during the pandemic. The sector also currently faces huge challenges in responding to the ongoing restrictions for many of their customers. |
| 6.2.5. | **Cost Model**<br><br>There are 5 separate routes into 'day services' – spot purchase, self-funders/self-referrals, block contracts, and direct payments.<br>There is also currently a wide variation in the daily rates for day service providers, ranging from £40 to £340. The last year has seen huge progress in commissioning in establishing the scope and ambitions of the sector as well as the demand that continues to shift and develop in response to the pandemic. Plans are in place to build on these foundations, working with people who use services and with the market, to develop a procurement approach that supports the market, encourages diversity and enables commissioners to continue development of the sector for people with council arranged services and those using a direct payment to purchase their own care. |
| 6.2.6. | **Proposal**<br><br>It is recommended that:<br><br>• A fee increase of 4.89% is applied to current day activity rates for 2021/22<br>• Further consultation is planned to discuss a daytime activities framework with all stakeholders<br>• The procurement of a day time activities framework is prioritised in 2020/21 |

**Appendix A Provider Feedback**

This section contains the anonymised responses from providers throughout the engagement and consultation process.

Feedback from Care Home Providers

Care Home Engagement Session 1 – 6th Jan 2021 – 6 Attendees

The Council ran two engagement sessions with care home providers during the formal consultation stage in January. Providers had received a letter outlining the proposed increase in fees of 1.9% and were asked to provide feedback on the proposal in writing and via the engagement sessions. The feedback from these sessions is set out below including verbatim comments:

Providers told us that…..

- Some of us also have very old buildings
- Staff wages are around 80% of income
- We really do need a decent uplift, or we are at risk of closure.
- Other care providers can pay more than we can, and would like to pay staff the same, but just cannot afford to do so
- The cost of care is far higher than what the CPI are allowing for.
- Feel that the cost of care exercise was not broad enough.
- Feel that we can only provide the basic care at present, and want to be able to do more than this, but just don't feel we are in a position to do so at present.
- Would like to be able to give staff a decent living wage
- national minimum wage is not enough for staff and the job that they do
- Do not feel that we should use the minimum wage to agree the fee rate
- We are not going to be able to invest in buildings for at least a few years
- In a few councils already money has been given as long at it's passed on to staff – we would be very much in favour of this.
- Would much prefer an increase for all staff overall. Recognise the contribution of all staff, all are valued.
- Concern over the level of occupancy and referrals

Care Home Engagement Session 2 – 7th Jan 2021 – 9 Attendees Fee proposals – Key points – verbatim from providers:

- The costs and extra staff and time from the lateral flow testing is huge
- The cost of being able to offer visits safely is taking up a lot of staff time
- Staff are really, really struggling and particularly financially
- The minimum wage is not going up as much as it could have done
- SCC are not covering the cost of care.
- 20% gap in funding not considering the effects of the pandemic
- Concern is that is we apply an increase it will cover the gap in minimum wage, but by next year many operators may not be able to operate.

- We have only survived because we have high occupancy levels – what Covid has done is wiped out beds, once this is gone they will never come back.
- We cannot operate under capacity
- Talked for many years about care homes being in crisis but feel we really are there now, we need to do something different with our buildings
- The cost of care exercise and the fee increase are crucial to us
- What model/tool is being used to assess the cost of care by the Council?
- We need to pay these trained people that are proving important care a proper rate.
- It is massively important to recognise that those operating nursing homes have had to pay 30-40% more to keep staff
- We need to consider some costs that have hit us is a lot higher than just inflationary increases.
- We are trying to keep the sector going in the short term, but longer term there needs to be a plan to improve the wages in this sector
- No real changes from the Council, leadership comes in listens, but leaves before any real change can take place
- Worries about Brexit impacts and costs
- We really do need you to look at the other costs that have increased
- Not seeing investment in the future
- At present there is such a gap between the actual cost of care and what is being paid that this needs to be reconciled

**Care Home Providers – Online Survey Responses to Consultation December 2020**

Of the respondents 6 providers claimed that the fee uplift would partially cover their operating costs. However, 15 providers said that this would not cover costs.

**Respondent 1**

Increased costs, reduced bed numbers, cap ex works, wages, covid and referrals have pushed the sector to breaking with the base line fee calculator in Sheffield being the main problem. Sheffield have underfunded the care homes for over 20 years in comparison with other councils and the reality is that homes will close in the next 12 months.

There's no way homes can operate at 80% occupancy and break even with a weekly bed fee of £514.60.

We will not be able to sustain the business beyond March unless the bed fees are increased - during the covid pandemic the IPC & Covid support has raised our average bed fee to approx £587 per resident - this is still not enough the sustain the business at 80% occupancy - beds fees need to be increased beyond £600 per week to allow providers to staff sufficiently and pay wages, cover mortgage payments - maintain and repair aging buildings and cover all other expenditures.

Wages - Minimum wage is not enough for trained and experienced staff
VAT - we can't claim VAT back!! - probably £40k per year at our home
Staff need parity with SCC - suggest £10.50 be used for wages!
Insurances - Policy renewals have doubled - 15k in 2019 to 30k in 2020.
Repairs & Maintenance - Aging buildings
Refurbishment of two homes needed - no available funding!
Specialists support & consultancy - Fire RA's & Legionella
Lift service and testing contracts
Hoist & Scales service and testing
Waste collections - Skips Bins - Cleaning
Much higher dependency of residents than in previous years
Increasing salaries for managers
CQC - requesting additional staff & equipment
Agency cost - hourly rate and finders fees
Staff training & Development
SCC policy - "Stay at Home"
Utilities - increased prices from suppliers

To review all spending and make savings where appropriate, provide better working conditions and increase wages for staff - improve the environment for residents and maintain a stable profitable business.

**Respondent 2**

Unfortunately we do not feel this will meet our cost at all.

I'm sure you'll agree that this year's review of fees is one of the most critical in recent times given the ongoing effects of the pandemic on care home operating models, occupancy levels, workforce wellbeing and increased overheads.

We will be shortly sending out our cost of care report, however we can underline the gap between current fee levels and the sectors view of what the real cost of providing care is. We estimate this to be in the region of 9.4%. This is the increase across all standard fee levels for both existing residents and new admissions that we need to simply stand still. Roughly 5.5% of this is pre COVID19 pressures associated with workforce (projected on increase to the NLW) and general sector wide inflation. The additional 3.9% relates to new costs associated with Infection Control measures – the new operating model which involves cohorting, supporting residents in isolation, weekly testing and the safe facilitation of visiting.

We would have to seriously look at the sustainability of all of our local care homes.

We need to ensure that all Infection Control measures continue – the new operating model which involves cohorting, supporting residents in isolation, weekly testing and the safe facilitation of visiting.

Although we are grateful for the support received during the pandemic services will go into the new normal and this obviously has significant further costs.

We are already as a large national operator ensuring we are maximising economies of scale in terms of the additional purchasing and procurement that has been needed to ensure our colleagues and home had the right kit and tools to continue to provide care.

The infection control funding from central government has again been welcome although not sufficient to sustain the new operating model that has become a reality for any provider who wishes to remain open and safe.

As aforementioned and again stated below:-

We estimate the shortfall to be in the region of 9.4%. This is the increase across all standard fee levels for both existing residents and new admissions that we need to simply stand still.

Roughly 5.5% of this is pre COVID19 pressures associated with workforce (projected on increase to the NLW) and general sector wide inflation. The additional 3.9% relates to new costs associated with Infection Control measures – the new operating model which involves cohorting, supporting residents in isolation, weekly testing and the safe facilitation of visiting.
Apart from already stated items above before safety and infection control became our priority we were starting to roll out our new technology such as emar making medicine application more controlled and safer.

To continue using these innovative approaches the minimum cost of care needs to be sustainable.

**Respondent 3**

Fee is not meeting the cost of care and is putting homes at risk of closure.

I will not be able to meet obligatory payment ie bank security, this will impact on standards as staffing/other services will need to be reduced.

The base fee has been too low for many years so the starting position is detrimental to providers.

Use a formal model that has been proven for calculating the cost of care. This is the only way you will have a sustainable market.

Due to the pandemic occupancy has taken a hit, coupled with a low fee rate this is not sustainable. The fee levels should be reviewed to reflect current occupancy rates and that applied on top of the proposed fee also.

**Respondent 4**

due to the dependency on residents, the amount of extra tasks that are having to be under taken for example covid testing, track and trace upcoming vacinations CQC.fire officer i feel that this is not the true representative of the true cost of care

serious concerns for the viability of the business and for other providers in the area

dependency of residents is increasing
building and maintainance
refurbs
staff training and development
governence
management time
covid 19
utilities and supplies
occupancy levels

we would like staff to be paid a proper living wage and not just the minimum wage in line with SCC

**Respondent 5**

Since our entry into the Sheffield Care Home market, the environment has become continually more challenging; as costs to provide care continue to rise, with the increases in funding from the Local Authority not correlating to mitigate this pressure. I have deliberately chosen to include the additional cost pressures that Covid-19 has added to our Homes as I hope, as I'm sure you do, this will not continue forever.

As you will be aware, Sheffield does not compare well to its neighbouring authorities in respect of fees; on average, a difference of 14% compared to Lincolnshire County Council for example. The rate for Nursing demonstrates a similar picture, where LCC's rate is 11% greater than the one proposed by SCC.

Furthermore there have been increased costs of registration fees, utilities and medical supply/equipment hire costs, which have been passed onto Care Home Providers by SCC and the NHS.

There can be no surprise that homes are facing closure under this the current pressures faced as quality providers, like ourselves, endeavour to continue to provide high standards of care, maintain full compliance with CQC, when the fees being paid are fundamentally inadequate. You will have noted the number of homes in the area that are closing due to their inability to sustain the financial pressures of the market today s and yet, no replacement beds are being commissioned. Furthermore, it is the standard of the remaining beds which I am most concerned about, some of which would not even meet the current standards of homes today and are continually being found to 'Require Improvement' or be 'Inadequate' in the views of the Care Quality Commission.

As a group, we model our care staffing structures at all of our Homes as follows:

- A ratio of anywhere between 20-25 hours per resident per day;
- All staff are paid above NLW to ensure we can attract a suitable standard of staff, with Senior Carers earning close to £9 per hour;

• The span of salaries for managers is between £40,000 and £60,000 per annum, dependent on the size of the Home and local competition;
National Living Wage (previously National Minimum Wage) alone has increased by 25% during this period.

The fee increase proposed, does not even meet this additional cost and adds hundreds of thousands of pounds to our wage bill. I am more than happy to share with you our financial accounts for these homes, which will support my point. The above, in addition to the ancillary and administrative staff required to operate a Home, equate to over 75% of our income being used to pay wages before indirect costs, such as, head office costs, finance costs, return on capital and a modest amount of profit are considered. Furthermore, as a group we spend in excess of £500,000 per year in training and development ensuring our staff are not only compliant in their training knowledge, but also to provide excellent levels of care to the elderly residents they serve.

It is unclear, from your report, as to how you have calculated the fees that are being proposed this year. I would be grateful if you could provide further insight into what model you have used to calculate this so, as a provider, we can better understand the expectations that the local authority has and potentially model and adapt our services accordingly. This will help us to staff our Homes in accordance with the fees you set. If we can see a copy of this model it will help us to assess what average occupancy, staffing levels and ROI we can expect to provide/receive.

As you will be well aware, the Care Act 2014 issued by the Department of Health, issues statutory Guidance which should underpin the Authority's statutory objectives in market shaping and commissioning activities; namely:

1) Focussing on outcomes and wellbeing;
2) Promoting quality services through workforce development and remuneration, whilst ensuring appropriately resourced care and support;
3) Ensuring choice;
4) Co-production with partners.

To achieve these principles, the Authority as you know, must follow various steps when determining remuneration for providers, for example:

1) Designing strategies that meet local needs;
2) Engaging with providers and local communities;
3) Understanding the Market;
4) Facilitating the development of the market;
5) Integrating their approach with local partners;
6) Securing supply in the market and ensuring quality through contracting

Paragraph 4.3(1) of the Care & Support statutory Guidance, for example, provides that:

"When commissioning services, local authorities should ensure 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 the agreed quality of care. This should support and promote the wellbeing of

people who receive care and support and allow for the service provider ability to meet statutory obligations to pay at least the national living wage and provide effective training and development of staff. It should allow attention of staff commensurate with delivering services to the agreed quality, and encourage innovation and improvement. Local Authorities, should have regard to guidance on minimum fee levels necessary to provide this assurance, taking account of the local economic environment."

I am concerned that in calculating the fees for the coming year, the LA has failed to have proper regard to its statutory obligations and the guidance in reaching its funding decision. To that end, please would you provide me with the following at your earliest please:

1) Information as to how your fee has been calculated for the coming year;
2) What agreed 'care package' has been assumed in this calculation;
3) How this supports providers in meeting statutory obligations of paying National Living Wage;
4) How the fee encourages 'innovation and improvement'

I am extremely concerned that the rates being proposed by the Local Authority are a limiting factor in many Homes being able to provide the high quality care we aspire to offer and fear for the long term future of elderly residents in Sheffield Care Home if these fees are not re-considered.

If we can see a copy of this model that has been used to calculate the base fee aswell as the calculations for the increase it will help us to assess what average occupancy, staffing levels and ROI we can expect to provide/receive.

**Respondent 6**

We do not believe this will help us continue operating as the increase does not deal with a number of important issues.

The figure used as a base cost has been eroded by 10 years of underfunding. This has only been sustainable due to higher occupancy rates, 95% and above, until 2020 whereby we have been hit severely with Covid and in some cases are operating at 50% occupancy.

Any future rates need to recognise that any business's sensitivity would be more in line with an 80% occupancy as a bare minimum. This will allow the sector in Sheffield to reinvest and improve services as we feel services are currently stagnating.

The sector has seen much higher increases in wages for Qualified nursing staff where we have been subject to 30% increase to keep up with competition to recruit nurses.

The cost of supplies and energy has increased by 30% for energy and 70% for other supplies.

These costs have been compounded with new factors of the purchase of PPE, increased infection control measures, increased admin for testing which have all had an impact of increasing base line costs.

At current low occupancy levels we expect to see homes unviable and unsustainable.

The commissioners needs to recognise the individual cost per week to look after a vulnerable adult within a quality setting, as this cost is far higher than the current baseline fee which is being used to apply an inflationary increase.

There needs to be a recognition of the hard work that care workers daily provide. This is not reflected in the Minimum wages that staff are paid due to the current funding arrangements from the council. It is widely mentioned that a supermarket worker stacking shelves will be paid 20% higher than a quality trained carer. It is noted than the council support and have signed up to the Living Wage but their commissioning does not reflect this in any way.

Yes , as an operator we would like to understand what capacity is actually required in Sheffield and confirmation as to the over supply in the market and where this might lie in geographic area in the city and what categories of care are required I.e nursing, emi nursing or residential.

**Respondent 7**

I will outline my income vs expenditure for you to see:

Income = £44044.00
+PPE =

Expenditure
Wages = 32000
Tax + National Insurance = 4400
Pension= 800
Water = 450
GAS = 800
Electric = 800
PPE/Cleaning= 300
Banking= 1200
Council tax =125
Laundry + dishwasher = 678
CQC / Professional costs = 300
Maintenance = 200

= 42053
44044-42503 = £1541

Not even breaking even.

If you were to increase the fee to £595. please see difference below

£49364-42503 = £6861

This be able to give care homes more to invest into our residents. All we seem to be doing is paying bills and professional fees.

More training is coming our way
With Covid we need extra man hours to manage the crisis
Cost of living is rising
Recruitment and retention of staff
Wage increase
Utility bills are always increasing

We need financial support to see us through the impact of covid

we need to have residency in the home to fill. We need to fill beds to maximum to be able to cope with future demands

Social workers need to be educated and informed for rapid assessment and referrals for filling beds as we have been depleted by Covid

**Respondent 8**

National Living Wage plus the added pressures of Sleep costs (possibly ongoing into 2021), expectations of the real living wage being paid in cities such as Sheffield and the constraints of low fee uplifts all mean its a challenge to recruit and sustain high quality staff.

I dont envisage any immediate changes to our current provision but it does add further pressures.

NLW, RLW, sector pressures as a whole, the year on year increase of NLW, sleep costs and contributions.

**Respondent 9**

Increase in genral costs such as insurance
trying to recruti staff requires paying at a higher rate then basic minimum wage

**Respondent 10**

The problem with the methodology for the fee increase is that the base fee is too low. As a home in an inner city area we are unable to attract private fee payers to subsidise the council funded residents.

COVID has placed further challenges in our way. One of which is capacity challenges.

The combination of low occupancy and low base SS fees mean that SS funded

nursing beds lose money.

This results in breaches of funding covenants.

Unfortunately it is envisaged that costs following the effects of COVID will increase ahead of inflation. We are already seeing this in staff wage expectations, cleaning, domestic staff levels, insurance, energy costs. We are yet to see the costs that may emanate from Brexit. But I envisage this will impact areas such as lift maintenance, consumables, food.

It is highly unlikely that this year will see a usual inflationary cost increase.

But the main issue is the base cost from which you are starting.

This question is very difficult to answer.

If it was possible we would not take any SS funded residents. As each resident loses money.

It is possible we might have to close the home and look to redevelop for alternate use.

Brexit
Covid
New protocols for bringing in overseas nurses.

You must overhaul your methodology and look at the true cost of care, start with a clean slate rather than using an uneconomic base cost.

Factor in capacity issues in the city or your public funded capacity will collapse.

**Respondent 11**

In reality, the staffing costs come out at 2.2%. Therefore the proposed increase falls short, and again leaves us having to bear additional costs, along with the increased cost of food, energy and all services that we need to run our home efficiently.

There is a potential that the quality of food, cleaning materials, bedding, detergents etc. may have to be reviewed in order that we can keep within our budget. This in turn will have a direct effect on the residents.

The true cost of a bed is rising beyond the proposed increase. All services that we employ are increasing their costs, i.e. food suppliers, energy suppliers, trades, utilities, stationery, repairs, bedding , cleaning, mandatory servicing of equipment, cost of buying new equipment.

It is extremely difficult to keep within budgets currently and with our exit from the EU costs may increase.

It is of great concern to us as to how we will continue to run an efficient reliable service with the proposed increase.

I feel it is really important that you review this again as my main fear is that there are many care homes that may not survive in the current climate and with the increase you are proposing. There will also be increased staffing costs.

**Respondent 12**

Our services are nursing provision for people with complex needs, will 1.9% be applied to on standard care rates?

Has the effects of Brexit on the supply chain and potential cost implication be reviewed and thought about for the annual uplift?

As mentioned above we do not take people on standard fee rate.

The cost of staffing is on the rise all the time, we require highly skilled staff which of course has to be reflected in pay

The % seems much lower on previous years

Brexit and the effect it has on the supply chain
Capital spend on the services and investment in staffing compliment

**Respondent 13**

Any increase will obviously help but the calculation is clearly just a continuation of the pricing strategy in previous years. What we would like to see is a long term strategy towards pricing.

It is a well known fact that the funding in Sheffield is below the market average for the UK and this issue needs to be addressed over the next few years. We believe it would make a huge difference to the local care sector if SCC, could agree with Government, increases for the next 5 years to help align the area with other parts of the country. A year, in the life of a business, is a very short period of time and having visibility over a substantial part of one's pricing would make a positive impact on staffing, rationalisation, and investment decisions. It would certainly help to build a stronger care sector within the city.

Additionally, while we understand the basis of the fee calculation, it does not take into account unavoidable substantial increases in insurance, IT, food and utility costs. We are having to compensate these via cut-backs elsewhere.

After a number of years of continued investment, and growth, 2021-22 will be a year of consolidation, for X, with a lower annual turnover, and a trading deficit

If the proposed increase is implemented we will aim to continue to minimise our losses by not recruiting replacement non-care staff when somebody leaves, providing no budget for capital investment and renovation projects, undertaking

essential spends only on overheads, and possibly closing corridors in individual homes if occupation numbers do not start to improve.

Improving occupation levels (current 2021-22 budget = 73% compared to 93% last year) will obviously soften the blow but we believe that it will probably take two years to recover once the pandemic is in decline.

Acknowledgement that continued capital investment and renovation programmes are a key part of our strategic thinking and that funding for these types of activity can only come from increased fees. Historically, these have been funded by our private full fee payers.

During the last 10 months SCC have been very financially supportive of us with the additional costs we have incurred during the pandemic; continuing to honour income provision for our contracts for day care and block booked beds; and providing financial support in recognition of the massive decline in occupation levels. We would hope that these support measures continue until occupations levels recover to such a point that we are back in surplus and we are generating cash for investment again.

We will supply our open book costings, with year on year comparisons, by email.

**Respondent 14**

The proposed increase does not cover the basic hourly cost increase for employees at the home to cover their contracted hours to provide a safe service. Once additional costs (tax, NI, holiday etc.) are included the proposed increase only covers approx. 60% of NLW increase, and does not contribute to any non-staff costs.

The underlying viability of the service is at risk without an enhanced offer to meet basic cost of service provision.

An independent review by CQC clearly highlights the disparity between funding from Sheffield CC and geographically close comparator in terms of the weekly rate paid for both residential and nursing care.

Residential rate is circa £55 per week below the rate paid by the wider region, and nursing care closer to £90 per week different.

Recognition that nursing care placements involve a greater level of input from care assistants and the contribution towards nurse costs via FNC is not sufficient. A high proportion of councils recognise this different in care input required and offer a higher base rate for nursing care placements before FNC is taken into account.

**Respondent 15**

the cost of providing care in both homes is more than the current rates being paid, we have managed to keep the homes sustainable due to a larger proportion of self-funders in [our home] and charging additional 3rd party top-ups but also by

maintaining high occupancy for both homes. This is currently not sustainable as occupancy has drastically fallen and the private self-funder market has dropped off significantly.

Long term sustainability is questionable for definitely 1 of our homes. it is currently make a net loss on the year to date accounts so if occupancy does not improve next year, this will impact the home greatly.

the actual costs involved, including actual staffing costs, how many RGN's required to provide nursing beds, and similarly carers. the cost calculator currently is a pointless key indicator as just recognises inflationary increases on but the basis underlying these costs are not accurately reflective.

Costs for managers are also very high and central/financing costs need to be considered.

Homes do need to make a profit and this needs to be factored in.

Quality of care - I think all Providers are keen and proactive in their approach at delivering the highest possible quality of care we can, limiting the fee rates just limits the number of staff the homes can employ and this ultimately has a knock on effect on the quality delivered. this needs to be recognised as a significant factor is the price paid for quality of care delivered to the people of Sheffield.

occupancy is a clear driver for the homes so we need to establish the market position for Sheffield and the future demands.

also if there are considerations for discharge to assess and Intermediate Care Beds but we would expect these to be appropriately costed.

**Respondent 16**

The national minimum wage is rising by 2.2% from April 2021, therefore the fee increase proposed will not even cover this.

It will be minor help towards the increase of the NMW, however there will be no real impact from this.

NMW increase
Additional cost of PPE
Additional cost for staffing hours, to enable all the testing for Covid
Increase in energy bills
Increase in maintenance costs, Council tax etc.

As a small care home, for people with mental health, we have the same outgoings and currently have 30% of our beds vacant.

We are currently struggling, mainly due to the bed vacancies, and I am anxious about the rising costs and additional NMW rates, that come into force from April

**Respondent 17**

From our calculation without any ongoing Covid costs included we have calculated based on our information we have to date that we would need a 2.06% increase if the revised fee we submitted to meet the actual running of [the home] is accepted. We are however still waiting on this.

In addition to other costs we also try and pay our staff above the NLW and this has the benefits of staff retention and reduction in agency costs. We feel the RPIX is a more accurate reflection of costs than CPI.

Unfortunately in addition to this, the current fee doesn't meet the cost of running the home.

Covid costs should be separated out from the inflationary increase. The proposed rate would definitely not cover any ongoing covid related costs.

**Respondent 18**

We use a similar formula to increase our fees annually but use 70% of the increase in nmw and 30% CPIH rate so will be increasing our fees from 1 April by 1.9%.

We will be applying a greater increase to our wage rates than the 2.18% increase in nmw after the fantastic performance of our staff over the past year and to compete with other employers in other businesses such as retail etc.

It means that the top up paid by residents/relatives will increase accordingly.

Currently we only have 1 bed that is partly funded by Sheffield City Council and at the present time think we have an advantage being such a small provider (17 rooms, registered for 19 residents). Nevertheless we don't need many empty rooms before we reach break even point. For the past two and half years since we took over the business we have managed to achieve an occupancy rate of 97% pre pandemic.

Having listened to other providers on the recent zoom meetings there would seem to be a need to conduct an analysis of the cost of care provision to rectify previous underfunding.

**Respondent 19**

We need 5% increase

We will have to look at alternative savings

Pressures of costs non staff

We need a 5% increase for all residents to meet cost pressures

**Respondent 20**

1) Formula fails to recognise that the actual rate of inflation on general costs is materially more than the rate of CPI in September eg insurance, general medical supplies, food etc.
2) Formula fails to take account of the fact that the cost base of providers has risen, but occupancy is less due to covid/less referrals. Costs per resident are higher, and the fee increase should reflect this.
3) I am not aware of what the rate of assumed occupancy was for Sheffield when setting fees in 2020-21. There can be no doubt that actual occupancy for 2021-22 will be less, and the modelling needs to take account of the lower rate of occupancy which will cause fees to rise accordingly. This appears to have been totally ignored within the the formula proposed.
4) If the Council wants a long term sustainable care market, then at some point it has to start increasing fees at a faster rate than NLW/CPI.

Our like for like trading performance will worsen since the rate of increase in costs will exceed the rate of increase in revenue.

The vast majority of home costs (and also central indirect costs) are fixed. In the absence of a more substantive fee increase then steps may need to be taken to address and mitigate these costs. This would give a potential adverse outcome for current/future service users (plus the Council and CCG) since we risk not retaining skills and expertise for the future.

As above.

Plus, the Council should be ensuring that it complies with its obligations under the Care Act in regards to the market.

**Respondent 21**

The fee increase should also be viewed in the context of reduced occupancy. This fee increase is spread over fewer residents and therefore the total amount received will be a lot lower than one would normally expect where as static costs are the same regardless of the number of residents e.g. cost of financing, insurance, utility costs, CQC fees, equipment hire and lease, routine maintenance and H&S checks, council tax and bank charges to name but a few.
There will be no funding available at all to make capital equipment improvements, for example new chairs, carpets, beds, furniture etc. This will in turn have a detrimental effect on the mental health wellbeing and dignity of our residents.
Urgent spend will need to be completed for example new boilers, lift repairs but this will be at the expense of other needs of the home.
Finally for us the expectation of the council to expect providers to continue to pay staff at minimum wage after what they have been through this year is deplorable to us.
Through not funding effectively the council must accept that high standards and quality of care will suffer, it is not an acceptable position to be putting providers in.

We feel very strongly that, like other councils, Sheffield should be supporting a fee increase that allows providers to pay above minimum wage. Our staff have proved their value to the country in this pandemic and offering them minimum wage following this is insulting and degrading and exhibits a lack of value or appreciation of the incredible work they carry out for society. Even in these times of high unemployment recruitment is difficult. People are not applying for high risk, hard Care Home jobs for minimum wage. This will only result in a more fragmented and volatile staff group with negative quality of care issues for our residents.

Our main priority is to survive 2021-22. followed by our need to maintain a recognised good level of care delivery for the vulnerable people we look after. We need to invest heavily in our staff and our physical environments. We need to be in a position to adapt to the changing needs of the local market. The low rate offered on top of a significantly low rate to start with and compounded by low occupancy is not going to allow anyone to achieve these desired goals

**Letters from Care Home Providers**

Letter dated 8th January from Sheffield Care Association

Our client is already known to the Council and is an association representing the interest of care home providers operating within Sheffield. It should be noted that our client has sufficient public law interest in the matters referred to within this letter.

On 1 December 2020, the Council wrote to care home providers operating care homes in Sheffield. Within that letter the Council set out what it termed to be "an initial proposal" for its fee rates for the year 2021/22 ('the Proposal').

At present, the Council pays £505 per week to care homes for each bed it commissions. This is the same rate paid, irrespective of the category of care and so it applies equally across the following care categories:

• Residential standard care • Residential high dependency care • Residential EMI • Nursing

The Proposal is to increase the flat rate of £505 per week by 1.9%, thus taking it to 514.60 per week.

The Council has invited responses to the Proposal by 5pm on 8 January 2021. We wrote to the Council on 18 December 2020 to request an extension of time for the submission of this response. The Council refused. We will return to this later in this letter.

This letter sets out our client's response to the Proposal. We have been instructed to assist our client in the preparation of this response due to the serious concerns held by our client regarding the Council's formulation of the Proposal and were it to be ratified by the Council in a final decision.

While this response is being submitted by our client on behalf of its members, it does not stand to the exclusion of any further responses its members may wish to make directly themselves to the Council.

BACKGROUND

1. The Council last undertook a review of the fee rates it pays care home providers in 2019, prior to the setting of its fee rates for the financial year 2020/21. That consultation and fee setting was undertaken before the onset of the Covid-19 pandemic.

2. Following the 2020/21 consultation, but before the Council set the 2020/21 fee rates, the Council produced a report entitled 'Market and Provider Consultation Analysis Informing the Fee Proposal for 2020-2021' ('the 2020/21 Report'). The 2020/21 Report was relied upon by the Council in its decision to set fee rates for 2020/21.

3. The 2020/21 Report made numerous materially important conclusions, including but not limited to the following:

3.1. Each year the Council engages in consultation with care home providers in respect of the Council's fee rates prior to setting those rates. (p.1)

3.2. That the Council is committed to ensuring the availability of diverse and sustainable care provision in Sheffield and that care homes are a key part of this. (p.1)

3.3. There is are a range of care home providers operating in Sheffield, "from small long established operators with a single care home in a converted property, to large national organisations that run many purpose-built care homes"; some of whom "operate with significant debts". (p.2)

3.4. The costing information submitted by providers as part of the 2020/21 consultation "suggested that for the providers who submitted their costs there is little capacity within the rate to accommodate significant changes in capacity, increase in costs above inflation or any other 'business shocks'. (p.18)

3.5. In response to providers informing the Council of the key importance of a reasonable return of over 2-3%, the Council stated that it "acknowledges that it is reasonable that there should be a return on investment within the model" which at present only makes provision for "base rate plus 2% and calculated on business activity and capital expenditure".

3.6. It was "reasonable to suggest" that while the Council's fee rates may be covering operating costs and "achieving a degree of operating profitability" in some cases (depending on business model, financial structuring and business practices), these rates were "likely to be generating overall revenues at below total costs". This indicated that for those "providers with the lowest proportion of self-funders [while they] will generate sufficient revenue to cover operating costs [they were] least likely to generate economic profit that enables them to invest in the business in the medium to long term". There was therefore an "urgent need' for the Council to put in place a plan to address investment and capital return, thereby "ensuring the infrastructure is fit for purpose whether providers are funded by the Council or self-funder market or both" (p.18).

3.7. Although the Council did undertake a survey into the amount of third party charges (commonly known as Third Party Top-Ups), it did not know nor undertake any enquiry

into the level of income generated by providers from other income sources, such as from self-funding residents, CHC and third party contributions. The Council therefore was not in a position to know whether those income sources themselves were sufficient to cover a care home's costs of providing the services being commissioned under these other income sources, nor therefore, the extent of any surplus (if any) after the payment of these costs. (p.18). Equally, therefore, nor did

the Council have any information as to the reliability of these other income sources, in respect of which care home providers have no control: - for example, they cannot control when a resident's finances become depleted such that they convert to the Council's fee rates; they have no control on a resident's conversion to or from CHC funding; they have no control on a third party's ability to continue to pay top-ups or the amount they can afford to pay.

3.8. Underscoring the Council's aforementioned acknowledgment that its fees in many cases fall short of a provider's actual costs of providing the services, it accepted that: - "not all care homes in Sheffield have self-funded residents"; that it has been informed by some providers that they are having to cross subsidise their care homes in Sheffield from care homes operating outside of the Council's locality; and that income derived from those care homes with private funding residents was having to "prop up" the funding shortfall arising in the case of Council funded residents. (p.15) There was no evidence or determination within the Report to the extent that in those cases where there was cross-subsidisation, it was sufficient to cover this funding shortfall, let alone provide for the care home to operate sustainably in the medium to long-term.

3.9. In terms of cross-subsidisation, the Council further:

• Made an assumption that "national providers can cross-subsidise their homes" operating in Sheffield (p.2). This appears to have been an assumption made in the absence of empirical data and without any knowledge as to the amount of any cross-subsidy, nor its continued availability into the future, nor national providers' willingness to continue to operate care services within Sheffield on this basis.

• That insofar as there was a self-funding market in Sheffield from which providers were (in some cases) able to obtain some cross-subsidisation, that market was becoming more challenging for providers to compete in, due to "new developments aimed specifically at this market". The clear inference here being, that to the extent that there was any access to self-funders for those providers who provide Council funded care home services, the pool of self-funders was fast depleting.

• People who are entering care homes are "older and frailer"; a fortiori there is an upwards pressure on the cost of meeting their care needs, whether within residential or nursing care homes services. (p.2)

• There is an underlying decreasing trend in the provision of nursing care services. (p.3)

3.10. Third Party Top-Ups were being used by providers "seeking to subsidise the standard fee rate". (p.5) While this was acknowledged by the Council, it did not know whether the amounts being charged by way of the top-ups was sufficiently crosssubsidising the funding gap, nor whether those providers who were able to obtain the payments were able to generate a sufficient amount to provide for the sustainable operation of the care home in question on a medium to long-term basis. They did however conclude that the income generated from these Top-ups was not "significantly subsidising" the Council's rate. (p.6) It must rationally be assumed that in light of the absence of further enquiry by the Council (the need for which the Council acknowledged on p.6), what is meant by this is that it did not believe that Top-Ups were capable of producing sufficient income to provide a significant source of crosssubsidisation.

3.11. In terms of occupancy levels:
3.11.1. In the cases where providers had more than 10% of their beds empty, it led “to some significant viability issues” for them. This in turn had “led a number of providers to review their business planning” which the Council acknowledged would further lead to a reduction in nursing beds. (p.6)
3.11.2. The Council’s fee rates for 2020/21 were based upon an occupancy level 90% in the case of nursing bed provision and 92% in the case of residential care provision. (p.6 and 7). Notably, both of these occupancy levels were below the respective occupancy levels in 2017/18, at the time when the Council completed its base cost model. The Council has subsequently limited its increases on those base fees to CPI and NLW cost pressures only.
3.12. In acknowledgement of the above matters, the Council response was to propose a comprehensive strategic review in the first 4 months of 2020/21 and in the meantime, to increase the 2019/20 fees by 4.9% (a decision which the Cabinet endorsed on 18 March 2020); notwithstanding which the Council acknowledged that “some providers may not be achieving levels of economic profitability that would enable them to invest longer term in their care homes”. (p.20)
4. It is pertinent to remind the Council of its acknowledgement within its ‘Care Home Market and Fees Analysis 2016/17’ report produced by Joe Fowler (Director of Commissioning), of the risk that low fee rises can have, in that they “could de-stabilise the market and lead to unplanned closures” which “would reduce choice for people in Sheffield needing to move into a care or nursing home”.
5. As we have noted above, the 2020/21 Report was prepared prior to the onset of the Covid19 pandemic. It is beyond doubt to state that the pandemic is the manifestation of the very sort of ‘business shock’ that the Council warns within the 2020/21 Report, that providers would not be able to withstand; see paragraph 3.4 above. To this end, in or around May 2020, the Council’s Heads of Commissioning produced a report entitled ‘Care Homes for Older People and Adult social Care Strategic Review’ (‘the May 2020 Report’) to the Council’s Healthier Communities and Adult Social Care Scrutiny & Policy Development Committee; the committee being charged with enquiring into the impact the Covid-19 pandemic was having upon care homes.
6. The May 2020 Report made numerous materially important conclusions, including but not limited to the following:
6.1. The 2020/21 Report “highlighted particular challenges facing the care home market” – these we have referred to above.
6.2. The 2020/21 Report states that “Older people’s care homes (residential and nursing) are the highest area of risk currently in terms of the conditions in the market”.
6.3. As a consequence of the Covid-19 pandemic, care home vacancies “are at an all time high and this challenges the assumptions used in the financial modelling done by providers and the Council during the fee setting process”. As we have stated above, those assumptions include an assumption that care home occupancy levels in Sheffield are at or above 90%. The May 2020 Report acknowledges that as at May 2020, occupancy levels had fallen on average from 90-95% to 80%, with the worst affect homes dropping to an occupancy level of 50%.

6.4. The decrease in occupancy levels has been due not only to the number of deaths in care homes due to Covid-19, but also due to “a much reduced rate of admissions into care”.

6.5. The concerns and effects of the pandemic were acknowledged within the context that the position would further deteriorate in the likely event of a second wave and any intersection with winter pressures. The second wave is most certainly now upon us as feared within the 2020/21 Report, but to a magnitude we suspect even its authors did not anticipate.

6.6. The Covid-19 pandemic has had a “heavy toll on older people’s care homes in Sheffield”, which includes “the financial effect of the pandemic”.

6.7. The recognition of the need, as part of the 2021/22 fee review, for a market analysis and analysis of Covid-19 driven changes.

6.8. The recognition that “the care home market has been disrupted” and the need for the Council “to stabilise this”.

RESPONSE TO THE PROPOSAL

7. The below response is split into 5 parts collectively addressing the clear inadequacies of the Proposal in terms of its sufficiency; its irrationality, the adverse effect it will have upon the market and choice; breaches of equality law; and failings within the consultation process.

Part I

8. The Proposal has been formulated by reference only to increases in the national living wage (which has been applied to staffing costs taken as 71% of the fee rate) and CPI inflation (which has been applied to non-staffing costs on the remaining 29% of the fee rate). The formulation of such a proposal by the Council fails to (or in the alternative fails to adequately) address the very clear and urgent financial sustainability issues facing providers. This is deeply concerning and serves only to cause providers further distress and alarm regarding the sustainability of their services during this period of national crisis; at a time when the Government has recognised the critically important front line role that is provided by care homes.

9. For the reasons set out below, the Proposal is patently insufficient to allow care home providers to operate on a sustainable short, medium or long term basis.

Occupancy:

10. The present fee rates, as too is the Proposal, are predicated upon a fee model and understanding by the Council since 2017, that care home occupancy levels are running at or above 90%. This means that the fee levels since this period and including the current fee rates, are based on the assumptions that providers’ are able to spread their costs over 90% of their bed capacities.

11. A drop in occupancy means that a provider has fewer beds in respect of which they are able to spread their costs, the vast majority of which are fixed costs and cannot therefore be reduced in parallel with reducing occupancy numbers. The consequential effect is that providers’ costs increase as they are having to be spread over fewer income generating occupied beds.

12. As recognised within the May 2020 Report (as we have highlighted above), the Covid-19 pandemic has had a significant impact upon care home occupancy levels in Sheffield. In the circumstances, were the Council to adopt the Proposal, it would be deciding upon fee rates that are predicated upon an assumed bed occupancy level that is not presently reflected in the market.

13. As we have highlighted above, the May 2020 Report itself recognises that the Covid-19 pandemic has challenged the basis of the assumptions contained within the Council's fee

model. Further still, the 2020/21 Report itself recognised (as we have also highlighted above) that where there is a reduction in bed occupancy of 10% or more, this leads to "significant viability issues". When taking this statement by the Council into consideration, it is important to bear in mind that it was made at a time of 'normal' pre-Covid operating conditions and therefore did not take into account the wider 'business shock' caused by the pandemic and whether this reduces the 10% tolerance in occupancy levels. It is our client's position that the cumulative effects of the current operating and business environment particularly in the absence of direct reducing occupancy support and the fact that the support which has been provided is not calculated on an indemnity basis, means that this 10% tolerance is significantly reduced.

14. As noted within the May 2020 Report, Covid-19 has and also continues to have a significant financial impact upon the care home market. This impact will continue to endure through 2021/22. It is important that the Council takes stock of its statutory duties to the care home arising under section 5(2)(d) of the Care Act 2014, which instils upon the Council the mandatory obligation in the performance of its duties under section 5, to have regard to "the importance of ensuring the sustainability of the market (in circumstances where it is operating effectively as well as in circumstances where it is not)". It is not therefore permissible for the Council to treat the effects of the financial impact of Covid-19 (both narrow and broad) upon providers as a short to medium term matter which does not need to be taken into account in the setting of fee rates for 2021/22. This is particularly so, when the Covid-19 support that has and continues to be provided is not provided on an indemnity basis and is reducing significantly in real terms, at a time when the pandemic is continuing to escalate.

15. The Council is already aware of these matters and is at present, therefore, paying fee rates which it knows or ought to know are (due to the fall in occupancy levels and increased costs), in real terms, below the fee rates it set on 18 March 2020 and which were at that time considered by the Council necessary to maintain a sustainable fee market in the short-term. Such action and/or inaction by the Council to step in sooner to address this real term fee reduction, is itself a breach of the Council's continuing market obligations under section 5 of the Care Act 2014. Any decision by the Council to adopt the Proposal would be to compound this already present breach of its obligations.

Sustainability:

16. As we have referred above, the 2020/21 Report recognised serious and pressing concerns regarding the sustainability of the care home market in Sheffield due to:

• Inadequate provision within the formulation of the fee rates for providers' return, the need for which is critical to the sustainability of the market.

• In many cases, the fees paid by the Council were below providers' costs of care, thus leading to overall provider revenues at below total costs.

• In the case of many care homes, there was no ability or very little ability to obtain cross subsidisation from other income sources.

• In the case of those providers who were able to obtain some form of cross subsidisation support, there was a shrinking pool of resources due to the channelling of self-funding residents to those purpose built homes aimed at the self-funding market.

17. Patently, the Council's present fee rates and those provided for within the Proposal, are not sustainable in the short, medium and/or long term.

18. As we have set out above, in its recognition of these matters, the Council determined the need to urgently implement the necessary infrastructure to address investment and capital return and to undertake a comprehensive strategic review within the first 4 months of

2020/21. This review has not been completed, nor has the said infrastructure been put in place.

19. In light of the Council's recognition in March 2020 of the urgency for it to address these matters and in full knowledge of the unprecedented impact of Covid-19 (representing the most severe of 'business shocks' which the Council recognised the market was not capable of withstanding), it would be a gross dereliction of the Council's duties under section 5 of the Care Act 2020, for it not to make some real provision to address these matters pending the completion of a properly conduct and comprehensive review. The Proposal fails to pay any and or any adequate regard to these urgent pressing factors and if adopted, would amount to action and/or inaction that undermines or risks undermining the sustainability of the care home market in Sheffield; such action being a breach of the Council's duties under section 5 of the Care Act 2020 and the supporting Statutory Guidance (see paragraph 4.35 of the guidance). It addition to amounting to a breach of its statutory duties, any decision by the Council to adopt the Proposal (which merely reflects a continuation of the very limited and inadequate approach to fee reviews), would be an entirely irrational decision.

20. It is important that we should also make clear that the Council's clear reliance on cross subsidisation of its funding inadequacies is unlawful. While it may be permissible for the Council to have regard to other available income sources (to such extent as they are available), it is not permissible for the Council to rely on these sources to actually meet the funding of its own statutory duties to fund eligible care; which the Council is patently doing. Further, it is clear even on the Council's very limited enquiries to date, that ability to access funds from which to cross-subsidise is not equally available to providers and in the case of those providers where it has (at least to some extent) been available, it is fast depleting resource pool. In all the circumstances, cross subsidisation is not a factor which the Council is permitted to rely upon when considering and setting fees for 2021/22.

21. As to sustainability more broadly, the Council is aware that there have been further home closures in Sheffield during 2020.

22. As we have referred to above, by our reference to the 'Care Home Market and Fees Analysis 2016/17' report produce by Joe Fowler (Director of Commissioning), the Council is fully aware of the risk posed by paying an amount which reflects a low fee rise, in that such action "could de-stabilise the market and lead to [further]

unplanned closures" which "would reduce choice for people in Sheffield needing to move into a care or nursing home".

23. While the Council's own financial position is a relevant consideration, it cannot be used as a reason to avoid taking the necessary and clearly urgent actions to ensure the adequate funding, stability and sustainability of the care home market in Sheffield.

Part II

24. It is incumbent upon the Council to undertake sufficient and adequate enquiries in order to appraise itself of all relevant facts and considerations prior to making a decision setting the fee rates for 2021/21.

25. As we have stated, the Council has failed to complete the comprehensive fee review, the undertaking of which it relied upon completing within the first 4 months of 2020/21, at the time it made its decision setting the 2020/21 fee rates. It is not the function of this letter to engage with whether this failure is reasonable. The fact is, the review has not been completed. Accordingly, as a matter of fact, the Council has not undertaken any or any adequate enquiry into those matters identified within the 2020/21 Report or May 2020 Report. Enquiries into those matters and how they should be addressed have not therefore formed part of the formulation of the Proposal, nor have providers been given an opportunity to take the outcome of any such enquiry into account in responding to the Proposal.

26. The Council is already aware from the 2020/21 Report and the May 2020 Report, and or should in any event be aware of the following matters:

• In many cases its fees do not meet providers' costs and are insufficient to provide for a sustainable income source.

• The Covid-19 pandemic has had a significant adverse effect upon the care home market and its financial viability.

• The care home market in Sheffield was under intense pressure and financial strain prior to Covid-19 and urgent steps were required to address this.

• Such Covid-19 financial support that has been made available has not been provided on an indemnity basis. Therefore it has not met, nor has it been capable of meeting the full cost impact the pandemic has and continues to have upon providers. Accordingly, the pandemic has made the previously precarious financial position of providers even worse.

• The Covid-19 financial support has not extended to addressing the reduction in occupancy levels and the effect this has on the sufficiency of the fee rates presently being paid to care providers.

• The effects of the pandemic are national and have therefore impacted upon those other more sustainable homes operated by national providers in other localities outside of Sheffield. This naturally has impacted upon any funding surplus that may have existed from those other areas from which national providers were willing and/or able to draw upon in their attempts to meet the funding gap and inadequacies arising in Sheffield.

• Smaller providers and those more reliant on income from the Council's funded residents will be disproportionately affected by the inadequacies in the Council's fee rates and the impacts of the Covid 1.

• The provision of care home nursing services will be more adversely affected than residential care services and that any further such strains are likely to lead to further and accelerated reductions in nursing services within Sheffield.

27. In absence of the Council having undertaken a properly conducted comprehensive review of these matters and their financial impacts, the Council must in the knowledge of their existence, proceed with extreme caution and in the knowledge that its present fee structure and modelling is seriously stale and unsafe to apply.

Part III

28. The Council has an obligation under section 5(1) of the Care Act 2014 (reflected within the statutory guidance) to promote the efficient and effective operation of a market specifically with a view to ensuring that people have a variety of providers and services to choose from.

29. As we have referred above, within the 2020/21 Report, the Council affirmed that it is committed to ensuring the availability of diverse and sustainable care provision in Sheffield and that care homes are a key part of this. Further, that within the currently available diverse care home provision, there are small long established operators with a single care home in a converted property, as well as those with services limited to the Sheffield area. Many of these providers are reliant on Council funded residents, without access to other resources, and fall heavily within the bracket of those providers least able to have the capacity to weather the present 'business shock' of the Covid-19 pandemic and the Council's underfunding.

30. We have already drawn attention to the Council's recognition of the risks posed by its underfunding upon the stability of the market. These smaller and local providers within Sheffield are at particular risk; risks which are increased and accelerated by the current pandemic.

31. Were the Council to adopt the Proposal – thereby failing to take into account and/or adequately address the aforementioned and recognised urgent financial viability issue in Sheffield – the effect will be (in breach of the section 5(1) of the Care Act 2014) to undermine real choice and variety of care provision within the area. This position is likely to be exacerbated in the case of nursing provision, which as is already recognised by the Council, is under particular strain and was following a reducing trend prior to the onset of the pandemic.

Part IV

32. As noted within the 2020/21 Report, the Council does not provide a separate dementia rate. The rational for this asserted within that report is that this because almost all care homes have a significant number of residents with dementia or high levels of complex needs, it is therefore more sensible to invest in all homes rather than have a higher rate for a smaller number.

33. We are deeply concerned about this approach by the Council, particularly in the face of the clear underfunding by the Council and lack of investment to which we have referred in this letter. There is no evidence (at least of which our client is aware) to suggest that the Council has identified the costs of care in the case of those residents with dementia and/or higher level complex needs. There is

therefore no evidence that those costs form the benchmark against which the Council is measuring the present underfunding issues and infrastructure. If this is the case (which it appears to be), as the cost of care provision is greater in the case of those residents who have dementia and/or complex needs, there is discrimination and or associative discrimination in the funding of their care, which also has the effect of putting the sustainability of their care services at greater risk. In addition to amounting to a dereliction of the Council's duties under the Care Act 2014, such actions/inactions by the Council amount to a breach of the Equality Act 2010. The Proposal does not or does not adequately address and or make provision for this.

Part V

34. Within the 2020/21 Report, the Council expressly speaks to the fact that it engages with care home providers each year prior to the setting of its fee rates. Within its letter of 1 December 2020, the Council further speaks to the importance of this consultation.

35. It is trite law that any consultation process must be conducted properly; the requirements of which include the need to put the consultees in a position where they are able to respond intelligently to the matter upon which they are being consulted. Further, they must be given sufficient time within which to do so.

36. On 18 December 2020, acting on behalf of our client, we wrote to the Council to raise a number of enquiries pertinent to this consultation and arising from lack of information and/or clarity within the Council's letter of 1 December 2020. We sought some flexibility within the current consultation timeframe to allow for the provision and consideration of this information. The Council's response to us contained within its letter of 22 December 2020 was to deny this flexibility and to deny the provision of the information sought prior to the deadline of 8 December 2020. This is remarkable. While this has caused prejudice to our client, its full extent is not yet fully known. Accordingly, we reserve our client's rights regarding the prejudice caused by the Council's failure to provide the information, time to consider it and/or allow further time to prepare this consultation response.

37. It is of equal importance to note that as part of the comprehensive review the Council said it would undertake during 2020, the Council led our client to believe that it would be materially involved in the instruction of an independent third party engaged to conduct enquiries into costings and market stability. Our client relied upon this and accordingly has not sought its own independent evidence.

38. Our client has only recently discovered that the Council has itself and without any or any adequate engagement and transparency with our client, instructed third party experts and excluded our client from those instructions, thus putting obstacles in the way of our client's involvement and opportunity to direct the experts to areas considered by our client to be important in terms of fee rates and market sustainability. Our client has been prejudiced in terms of its response to this consultation by the Council's actions in this regard.

Conclusion

39. In conclusion and for the reasons set out herein, the Proposal is remarkable in its failure to address and or adequately address the patent and recognised financial strains facing the care home market in Sheffield. The Proposal will not lead to a stabilising of the market, which is currently in financial crisis.

40. It is insufficient for the Council to look to ongoing parallel consultation/enquiries as a means to address the shortcomings in the Proposal or

the current consultation on the fee rates for 2021/22. If the matters raised within this letter are not addressed and/or the Proposal is adopted in its current form, the Council will be acting in breach of its statutory obligations to the care home market arising under the Care Act 2014 and supporting statutory guidance. The Council will also be acting in breach of the Equality Act 2010 and conducting an irrational decision, as well as an unlawful consultation process.

41. All rights are reserved, including the seeking of judicial scrutiny of these matters

Letters from Care Home Providers

Good Afternoon

The last 12 months has been an exceptionally challenging period for all of us.

I believe the council have in the main recognised the challenges that Residential Homes have been facing and made huge steps in addressing many of these, both financially and in an advisory capacity.

With this in mind I feel it is essential that Residential Homes who support individuals with Mental Health issues are highlighted as having their own specific challenges and requirements. The quality of care residents require cannot be compared to that of an Elderly Care Home.

Currently the residents at X are aged between 36 – 70 years old, but age is not the overall determining factor in the care our residents receive. We have 3 residents who fall into the over 65 years category but these service users in no way receive or require any less care and support than those under this age bracket. The fees we receive for the over 65's is £505.00 and we receive £777.38 for the under 65's. This is a significant difference and one that I believe is not justifiable. I have raised this as an issue for 2years and to date I have had no explanation as to why these fees are different. In my opinion there does not seem any common sense approach behind this decision.

Our Service Users have complex, severe and enduring mental health issues that will persist across their life course. These issues could not be supported in a typical residential home. Promoting independence is key to the support provided by X care workers, it is very different from ongoing care and support. The degree of independence varies for each service user but the principles behind what we are working towards are the same for each service user. Support workers encourage service users to achieve their own specific goals, by focussing on their strengths and help them to develop these. Service Users will in time build new confidence to enable them to manage their lives more dependently.

With the Covid outbreak ravaging though all care homes it is essential that all residents are protected. Our care staff are not only passionate about the support they give but very aware of the service users physical care needs. They are working tirelessly to minimise Covid 19 infection rates within the home. They are working harder than ever to ensure service users remain at X and do not require

any form of hospital treatment. We have categorised our 3 over 65's, they are all mobile but frail and suffer with at least one of the following Diabetes or COPD. Despite this they are all keen to have as independent a life as they can and with our newly recruited promoting independence worker these boundaries are being positively challenged.

In summary I'm unable to accept that the over 65 age group should receive any less monies for their care. Their health and quality of care they receive should not be deemed as having less of a value attached to it. Their requirements for care and support and their quality of life are certainly no less than the younger residents. My view as has always been, is that, there should be no differentiation in the fee amounts for residents. I feel it is nothing short of discrimination against the older service users who quite simply deserve the same level of fees, to ensure the same level of care and support.

I do hope you are able to address this financial issue I am certain the impact of doing so will have a huge benefit to the service users we are all working to support

Letters from Care Home Providers

Dear Mr Doyle,

**Response to your letter regarding proposed Fee Increases**

Many thanks for your letter dated 1st December 2020 regarding the council's market review of care home rates for 2020/21. X certainly welcome the opportunity to provide you with feedback regarding the fees. We would also like to thank the council for their support (both financial and other), during what has been an extremely challenging year brought about by this terrible pandemic.

You may be aware that we operate a total of almost 300 beds across 4 care homes in the city and are currently providing care for 260 residents. In addition, we also operate another 24 homes outside of your local authority, most of which are located in the North of England. These homes are not dissimilar to the 4 in Sheffield, i.e. they are located in central areas and mainly care for local authority funded residents. We therefore thought a comparison of fees across our Northern based councils would provide a reasonable narrative with regards to how the fees compare.

Residential Fees

| Host Authority | General Residential |
|---|---|
| SUNDERLAND | £644.82 |
| DURHAM | £622.02 |
| NORTH TYNESIDE | £616.44 |
| SOUTH TYNESIDE | £595.14 |
| DERBYSHIRE | £586.39 |
| NORTHUMBERLAND | £571.47 |
| WAKEFIELD | £554.50 |
| LANCASHIRE | £553.83 |
| EAST RIDING | £524.02 |
| SHEFFIELD | £505.00 |
| | |
| Average | £577.36 |
| Median | £578.93 |
| Highest | £644.82 |
| Lowest | £505.00 |

| Host Authority | Dementia Residential |
|---|---|
| SUNDERLAND | £666.79 |
| DURHAM | £644.98 |
| NORTH TYNESIDE | £638.33 |
| SOUTH TYNESIDE | £616.56 |
| NORTHUMBERLAND | £615.87 |
| LANCASHIRE | £595.07 |
| DERBYSHIRE | £586.39 |
| EAST RIDING | £568.19 |
| SHEFFIELD | £505.00 |
| | |
| Average | £604.13 |
| Median | £615.87 |
| Highest | £666.79 |
| Lowest | £505.00 |

Nursing Fees

| Host Authority | General Nursing * |
|---|---|
| SUNDERLAND | £644.82 |
| NORTH TYNESIDE | £616.44 |
| SOUTH TYNESIDE | £595.14 |
| NORTHUMBERLAND | £582.76 |
| YORK | £578.19 |
| SHEFFIELD | £505.00 |
| | |
| Average | £587.06 |
| Median | £588.95 |
| Highest | £644.82 |
| Lowest | £505.00 |

| Host Authority | Dementia Nursing * |
|---|---|
| SUNDERLAND | £666.79 |
| NORTH TYNESIDE | £638.33 |
| YORK | £627.40 |
| SOUTH TYNESIDE | £616.56 |
| NORTHUMBERLAND | £615.87 |
| SHEFFIELD | £505.00 |
| | |
| Average | £611.66 |
| Median | £621.98 |
| Highest | £666.79 |
| Lowest | £505.00 |

* nursing rates exclude FNC, being £183.92 per week

As you can see in the above illustrations, the fees currently being paid by Sheffield fall considerably below those being paid by other councils and are the lowest in every category of care. The median fee we received for general residential care is £578.93 per week, which is £73.93 more than Sheffield (being £505), a difference

of almost 15%. The difference is greater when comparing residential dementia, £615.87 versus £505, almost a 22% difference.

The contrast continues when comparing residents requiring nursing care. General nursing fees being paid by Sheffield are almost 17% behind the median fee being paid by other councils and nursing dementia fees are almost 19% behind.

I therefore hope you can understand our disappointment when we see that a 1.9% increase is being considered, given how far behind the fee of £505 is compared to the other local authorities we contract with.

If we may, we would also like to highlight that there is no differential with Sheffield's fees regarding residents living with dementia. In our experience, caring for residents with dementia is far more challenging and typically increased staffing and associated costs are required to meet these needs. As illustrated in the tables above, all but one other council recognise this in their fee structure.

<u>Pressure on costs and financial performance</u>

Our largest home in Sheffield is X which operates with 120 beds. The table below details its financial performance from 2017 (November year-to-date), up to 2020 (November year-to-date).

## XXX - Profit & Loss Account Summary 2017 to 2020

| | Nov-17 YTD Actual | Nov-18 YTD Actual | Nov-19 YTD Actual | Nov-20 YTD Actual | 2017 v 2020 Variance | |
|---|---|---|---|---|---|---|
| **KPI Summary** | | | | | | |
| Beds Available | 120 | 120 | 120 | 120 | | |
| Average Occupancy | 113.3 | 111.7 | 111.0 | 108.5 | -4.8 | -4% |
| Occupancy % | 94.4% | 93.1% | 92.5% | 90.4% | | -4% |
| AWF £ | £568 | £588 | £597 | £614 | £46 | 8% |
| Rent Cover | 1.4 | 1.4 | 1.1 | 0.9 | -0.5 | -37% |
| Payroll % | 65.7% | 65.3% | 67.9% | 69.5% | | -4% |
| Home Running Costs % | 13.8% | 14.5% | 16.4% | 17.7% | | -4% |
| EBITDAR % | 20.5% | 20.2% | 15.7% | 12.8% | | -8% |
| | | | | | | |
| **Earnings Summary** | **£** | **£** | **£** | **£** | **£** | **%** |
| **Fee Income** | **3,073,770** | **3,133,868** | **3,162,853** | **3,440,474** | **366,704** | **12%** |
| **Staffing Costs** | **-2,020,773** | **-2,047,699** | **-2,146,524** | **-2,390,953** | **-370,180** | **-18%** |
| Direct Costs | -148,756 | -154,058 | -164,374 | -217,661 | -68,906 | -46% |
| Indirect Costs | -274,520 | -300,490 | -355,876 | -391,746 | -117,226 | -43% |
| **Total Home Running Costs** | **-423,276** | **-454,548** | **-520,250** | **-609,407** | **-186,132** | **-44%** |
| **EBITDAR** | **629,722** | **631,621** | **496,080** | **440,114** | **-189,608** | **-30%** |
| Property Rent | -436,028 | -450,883 | -466,214 | -480,937 | -44,909 | -10% |
| Corporate Costs | -169,591 | -128,312 | -134,100 | -196,776 | | |
| Depreciation | -18,744 | -27,500 | -37,583 | -59,587 | | |
| **Profit / -Loss before tax** | **5,359** | **24,926** | **-141,817** | **-297,186** | **-302,545** | **-5646%** |

As illustrated, over the last 4 years the average weekly fee has increased by £46 from £568 in 2017 to the current average fee of £614, this represents an increase of just over 8%. In the same period staffing costs have increased by 18% and home running costs have increased by 44%. Therefore unfortunately the increases in fees have not kept pace with increased costs, resulting in the home now facing significant losses.

The pressure on costs has been considerable and is probably unique to our sector, we therefore consider that it's too simplistic to compare our costs with RPI or CPI which we acknowledge are low. For example the recruitment and retention of nurses, costs associated with meeting the ever increasing needs required in meeting regulation, meeting complex nutrition needs, specialist equipment, additional clinical costs, meeting changing and increasing requirements of health and safety. These costs are all unique to our sector and have increased considerably and far greater than CPI.

Thank you for giving us the opportunity to provide feedback. If you would like to discuss further or require any additional information regarding the detail in this letter, please don't hesitate to contact us.

**Feedback from Home Care Providers**

**This section contains the anonymised responses from providers throughout the engagement and consultation process.**

Home Care Engagement Session 1 – 1st December 2020 – 18 Attendees

The Council ran two engagement sessions with home care providers during the formal consultation stage in January. Providers had received a letter outlining the proposed increase in fees and were asked to provide feedback on the proposal in writing and via the engagement sessions. The feedback from this session is set out below including verbatim comments:

- You're uplifting from benchmark that was set 5 years ago
- We should be able to pay the foundation living wage.
- We have a low bench mark + national minimum wage = this is never going to raise people above this level
- What is the comparison to care workers in SCC, NHS and us? It's the wrong way round.
- We need to relook at the model. What's the real living wage?
- Cost and usage of PPE has increased dramatically
- We can't compare with NHS care workers when the increase is only 18-20pence on the average salary and doesn't consider the NMW and FLW.
- Only supported with a small amount of PPE, we need to buy our own to supplement
- Recruitment and retention… advertising job vacancies can cost up to £20K
- we have lost lots of good workers to the council: you have better T&Cs, can get a company car, etc. Our workers compare themselves to council workers which is distressing and understandable.
- There is a concern around capacity – how are we going to keep our workers when the retail sector picks up with higher salaries when they're currently on a low wage?
- Insurance and legal costs are through the roof – we are expecting a large increase due to Covid-19 and due to claims. This far outweighs the uplift.
- Health and safety is also costing more with needing to do more risk assessments.
- Increase in recruitment and job advertising is another additional cost.
- Turnover of 35% since April 1st. This quantifies the additional costs and we do a lot of work to help retention.

- Insurance, recruitment (needed more than ever due to retention, which was previously good but now a major problem), cost of recruitment and the recruitment process…
- Support from SCC has been positive, especially the initial 5% uplift. The extra funding did make a difference.
- The block payments were huge in managing effectively – we liked it and it would be good for us to have block payments.
- We need a plan to reward our staff. They deserve an increase this year for all their work but it's still same uplift with Covid-19. Some people are applying for home care as there is no other work now. When it goes back to normal this will all change.
- If there were more money, I would like to pass the whole percentage onto all the care workers – I want them to be fairly rewarded.

**Home Care Engagement Session 2 – 7th January 2021 – 6 Attendees**

The feedback from this session is set out below including verbatim comments:

- The playing field is not fair for care staff, compared to Council and NHS staff – not only the pay but also the terms and conditions
- It needs to be recognised locally and nationally that what we are being given is insufficient to pay staff what they deserve
- Staff urgently need a living wage and wage parity with SCC
- It is sad that after all the work in the past year, we are not able to pay staff what they deserve
- Insurance are also projecting a 20-30% increase, but are also taking away cover for Covid – so this will be a huge problem for providers – we will be left wide open with no cover
- Extra costs are around health and safety and regulations and checks – we have had to put an extra position in post to deal with all this. there are a lot of additional costs linked to Covid that are not just staffing costs.
- The lack of Covid cover is causing issues for providers. Any court costs or court award will be coming out of our income if someone gets Covid. We could potentially get some massive claims down the line. This could put home out of business.
- Would like to add that we work across many authorities, and we have found Sheffield to be very engaged and supportive as a local authority, and the support over the last ten months is better than other local authorities.
- The help and support has made a real difference to the team, the partnership working and cooperation.
- The issues about the living wage – really we need to be looking into this seriously, these carers are really working very hard and doing a good job.

**Home Care Providers – Online Survey Responses to Consultation December 2020**

Of the respondents 1 provider claimed the proposed fee uplift would cover operating costs. 6 providers claimed that the fee uplift would partially cover their operating costs. However, 4 providers said the uplift would not cover costs.

**Respondent 1**

We feel that this proposed increase is not enough to cover the increase in costs of both the increase in wages and additional costs through inflation and the long term additional costs from the on-going pandemic.

Our unqualified staff are currently paid slightly above NMW at 8.75 and qualified staff at 9:00 per hour, including TT and mileage.

This would represent a change to 8.95 at the basic rate, including an increase in TT, which would represent an increase of 2.28% on staffing costs alone, which the company is not able to adsorb without support. Especially with increased costs during the continued pandemic such as PPE, staff isolation costs and continued costs through infection control measures which will need to continue to be put into place.

The effects of this implementation would potentially be a decrease in the quality and quantity of care provided. This may also cause questions over the financial viability of the business and the long term business plan, if this was to happen over consecutive years, when the increase in costs are not covered, then X will definitely not be in a position to offer our services to SCC.

The full increase should be covered, as it will be in a price increase for our private paying clients.

We are still businesses and we need to run as one, our margins are squeezed as it is currently due to the social care industry being so poorly funded already and to have to absorb further costs will be very difficult.

**Respondent 2**

The fee increase will simply maintain the status quo i.e. wage rates will be increased in line with the NMW increase, meaning that care workers remain at the bottom of the wages league, and providers will struggle to recruit and retain quality staff.

We need to rethink the fee calculation, the bulk of which is care worker pay., and decide if it is fair for care workers in the independent sector to receive remuneration and terms and conditions which are considerably inferior to a care worker for SCC or a Healthcare Assistant in the NHS.

By simply lifting wages by circa 2% providers will continue to be faced with high levels of staff turnover, affecting consistency, continuity and the general quality of care provision.

The current benchmark for care worker pay is very low (around national minimum wage level when travel time taken into account). As providers and a local authority we should be aiming to do much better and strive for at least the rate recommended by the Living Wage Foundation.

After everything that care workers have done this year during the pandemic, going out to work and putting themselves and their families at risk, particularly during the first 3 months when full PPE wasn't available (whilst the majority of the country were safely at home receiving at least 80% pay), it would be an insult to give them a pay rise of around 20p per hour.

I would respectfully propose that SCC does everything in its power to allocate more money on the proviso that providers undertake to pass it on to staff.

It should also be noted that care workers in Wales and Scotland have benefitted from a £500 payment awarded by their devolved Governments. Such a shame that we haven't done the same in England.

Public sector essential workers: NHS, police, teachers also received a pay award earlier this year which recognised their efforts during the pandemic.

Whilst some costs have risen (business insurance, postage, mobile phones) the amounts are not significant in the great scheme of things.

**Respondent 3**

I does not cover the Living wage for carers.
also does not fully cover the cost of care as we have to pay carers travel time and there is a focused increase in commodities such as fuel, gloves etc.

Travel time for carers. Care wage increase

Travel time
Inflation
Living wage
Higher cost of Living
Increase in PPEs is continuous so far.

**Respondent 4**

The cost of care will continue to rise with the pandemic and staff shortages, hence a 0.18% is low. Our organization for example have been spending a lot to keep staff going and if we have to continue to do same in 2021, a 2.18% will not do that.

The impact of this is that business will have to source for loans and grants to provide quality service.

If the care staff wage increases by 0.18% have we considered the percentage increase in other sectors that are less of risk. This will lead to shortage of workforce.

We must understand that we the current changes in the sector, all providers seeks well rounded staff to provide quality care. To do that, we all source staff from the same market, hence the cost of recruitment and maintaining staff is expected in our organization to rise by increase by 15% alone compared to previous year. such cost also include, sourcing qualified emergency cover, increase in agency rate, increase of uniforms for infection control, increase training as we live through Covid-19. Support for staff child's day care so they could go to work e.t.c

I think for the 2021-2022, we should consider the impact of the pandemic and the resultant change in care. Let's remember, so staff have left the sector because of fear to get jobs elsewhere and if they are able to find one that pays them well, they may not return. We are then left with raising a new breed of support workers: to get a good one cost a lot.

**Respondent 5**

To be able to recruit staff to meet the needs of our Service Users (Complex care) we have to pay more than the minimum wage. We also pay a premium hourly rate after 7 p.m. and at weekends. During the last year we have lost staff to Council Services. These Services run by the Council can offer much better rates of pay and conditions for staff.
Our staff have to be paid on the contract minute by minute plus Travel time.
The ex members of staff speak to some of our long service staff teams. This brings understandable feelings of unfairness.
Whilst acknowledging the Council is in a difficult budget position we ask for the Council to look into the short, medium and long term plans for a fair rate for Support Staff. None of us will be able to keep up with the cost of continual recruitment and retention and pay a fair enough wage to attract people into the industry if this position continues.
If the fee proposed is implemented X will be able to continue to provide a quality service during 2021 if we can retain and recruit staff.
We are a family owned, Sheffield based Care Company with strong connections in the Community employing local people. Being "Local" we can respond to the needs of our customers and staff bringing in extra value from Community resources. Using local knowledge and support.
We believe this approach results in our being supported by the Community at times of emergencies such as Covid19.
If the fee increase is not implemented we may not be able to carry on our model of service.
Increase in insurance costs.
Increase in Management cost due to Covid 19.
Trying to achieve the Living Wage for staff
X is a local small Care Company who believes we can grow to help support our local communities. This as a result of our model of working does result in a very small profit margin and the results of our model does not appear in balance sheets.
Our priority is for staff to have a living wage and fair working conditions.

**Respondent 6**

We believe that this uplift is not enough to cover the increasing recruitment and PPE costs. Our office based staff costs have increased drastically, due to the competitive nature of the jobs, we have had to increase remuneration for a coordinator from circa £21,000-£23,000 to £24,000-£26,000.
This is the same for management and supervisors.
The escalating costs for recruitment, mean we have doubled our normal budgets to £2000 per month for Indeed alone, which is complimented by Total Jobs, Reed and Facebook taking the total costs to around £3500 per month, which is double what we were spending 12 months ago.

This will result in us being able to operate, however we will likely struggle to remain competitive and ultimately, will affect capacity.

PPE costs. Although at present you can access PPE through local authorities, this will not be indefinite.
The average box of gloves used to cost us £1.99+VAT - the cheapest we can now access is £4.90+VAT. Monthly spend has increased from circa £800 per month for this branch to over £2000 for gloves alone.

We would prefer if the council would move away from ECM banded minutes and pay planned times.
We beleive the rate of this years uplift should be 3% to help with associated costs.

**Respondent 7**

As a local SME, the SCC annual uplift to unit costs over the past two years (above Statutory increases) have critically helped us to survive - and only just survive ... I cannot emphasize this enough.

Nevertheless, whilst giving more stability to business survival, it has not been adequate for front line staff to be paid a reasonable and a fair hourly rate. The SCC should work to uplift the unit cost accordingly (meaning an uplift above the minimum wage increase of 2.18%). The SCC should then consider requiring 'Service Providers' to pay front line staff a 'Real Living Wage' (currently at £9.50) at the very least. This will give strength (through monetary acknowledgement of individual worth) to the sector that has at present a severe shortage of experienced staff. This, we believe, is the key component to giving stability to the sector in Sheffield.

We have severely struggled to survive over the past 7 years due to the sector being underfunded at the basic level of unit cost. This has created a sector that has been in collapse, with numerous companies going under and a staff exodus to different industries.

Covid lockdown has somewhat masked the shortages in staff (both front line and management) in recent months. Again I must emphasize, that there needs to be adequate increases to staff wages to firstly keep experienced staff, and secondly attract new acceptable candidates. I am incredibly concerned about not having

adequate numbers of staff to cover our Service Users – this is despite running disproportionate and expensive recruitment campaigns on a more or less permanent basis.

1) A major issue has to be parity in pay and working conditions with comparable SCC care workers – we understand that SCC support workers (STIT team) are paid £12.50 per hour with much more favourable conditions of work that includes block hours and enhanced rates for weekends, bank hols etc. We have no way of coming close to matching this pay and these working conditions on the unit price we are paid (and will be paid in 2021). We have lost a number of our employees (of which were sourced, trained and invested in by ourselves) to the SCC - this completely undermines our working relationship – of which there needs to be a critical trust and interdependence.
2) Also in connection with the above issue and in line with SCC time monitoring - we are compelled to pay our staff on a minute by minute basis. I have always found this unacceptable and this should be changed immediately (hopefully within a larger change in strategy toward block hours for staff) – and should be understood to be a violation of dignity for both front line workers and service users alike. The caring sector, by its very nature, is about a humane interaction with Service Users and requires a certain emotional intelligence from staff that does not bode well for outcomes under such severe time scales. Moreover, there are too many variables and diverse circumstances in our everyday interactions to warrant such monitoring. It also could be argued that it is against basic human rights.

The SCC needs to recognize the diversity in the complexity of differing individual Care services. The reality is not one of uniformity – but of differing complexities of support, so that some packages take much more time to set up, much more time to manage and much more experience in general to give a viable service (both managerially and on the front line) than others that are more basic and so more time and task driven. From this understanding, there needs to be differing rates of unit price (and staff pay) for the varying complexities of services.

**Respondent 8**

National Living Wage increases by 2.18%, our staffing costs represent more than the 85% assumed for your calculation and therefore the 2.03% uplift assumption will not be sufficient to cover all costs.

An uplift of 2.18% would enable us to meet all NLW commitments within the contracted rate.

If an uplift of 2.03% is applied this will not be sufficient for us to meet NLW commitments within our contracted rate and will create financial pressures for the services.

For the purpose of this process we have assumed the any covid related costs will continue to be dealt via separate covid arrangements.

We are still not clear on the full impact of Brexit on the care sector and any additional costs that may be incurred.

**Respondent 9**

The fee rate will help partially in meeting some of the business costs, such as increased insurance, to a degree staff pay increase.

*increase in staff pay including travel allowance will help in staff retainment

* help to some degree towards the never ending demand for PPE stock
* Covering costs for agency staff when current staff shield, isolate or make excuses or other for not turning up to work.

Cost of last minute agency cover.
cost of transpsort if staff are using taxi's to avoid contact with members of the public
cost of additional PPE (gels, gloves, bags, aprons, cleaning products)
cost of increase in insurance
cost of purchasing additional uniforms
cost of additional equipment for people working from home

to reward staff with good pay and travel cost so that we can retain them and they are willing to cover for their colleagues who are not able to attend. Some have indicated to cover more if they could be paid more for additional work.

**Respondent 10**

Under the proposed rate increase our business will be put under extra pressure at a time that the focus should be on recovery. See below an overview of the additional pressures we are expecting:
• Operating costs are increasing substantially more than in any previous years, for example our insurance renewal due this month is 35% higher than last year. Additionally our Insurers are now excluding COVID from the Public Liability insurance, this translates in a large substantial risk that now resides with home care providers should claim arise.
• The Health & Safety and Legal & Litigations related costs are also substantially higher then they were pre-pandemic.
• Although PPE is currently provided for free the quantity is not sufficient to cover the additional needs arising from COVID. Additionally when the supply stops feedback from our clients and staff indicates that PPE usage is unlikely to decrease to pre-pandemic levels; face masks in particular are not a cost budgeted.
• Recruitment, vetting, training and induction costs have increased dramatically and we are concerned regarding the changes that may incur once the economy starts to return to normality and the opportunities that may arise tempting staff outside of the care profession. We are also concerned about morale for care workers after all they have been through supporting communities during the pandemic. We therefore feel that in 2021 in particular the pay rates must sufficiently increase to mitigate the staffing risks above.
Home care business operate on a very low profit margin and with costs outside of wages rising by large amounts.

• Service stability due to recruitment challenges related to pay, see above.

• Service viability, this not only depends on environmental factors and the factors listed above, but also on volumes of work. The larger of volumes offered to provider the more efficiencies can be found to better absorb financial pressures.
• Negatively impact the ability to innovate, for example we have been investing into training and technologies to further develop the carer workers to identify early warning signs of deterioration to prevent hospital admissions or reducing length of stay.

With inflation rates forecast at 1.2% for 2021 and some specific industry costs rising at a much higher rate the 0.18% for other costs will not cover these and will create financial pressure on the service. Ultimately this is equivalent of asking providers to accept a pay cut.
Our existing insurance broker has advised of an increase of 35% for our annual premium, with COVID cover also removed from Public Liability. Given the very low margin of domiciliary care this puts immense pressure on care providers.
The increase does not take any of these additional factors into accounts, the increase assumes that business is continuing as normal when these economic factors need considering.

The NLW risk (relating to the employment tribunal case with Haringey Council) , could have a substantial impact on the care industry if not mitigated by the rate increases from the Local Authorities.

**Respondent 11**

since the Pandemic, most commodities have gone up more than 100% and the situation seem to be continuing indefinitely.
the carers need to be paid the Living Wage and this is too far near meeting the fair wages.

Our business is most likely to run at a loss due to more out going expenses that we never experienced before the Coronavirus and this will put clients at risk.
we have a lot more unexpected expenses now such as;
Fuel
Taxis
everyday running of cars
PPES
extra PPEs such as masks, hand sanitisers, extra uniforms

Travel time for carers for in-between their calls and breaks between AM. LUNCH, TEA and BEDS.

we wish to maximise on transporting staff safely to avoid the use of public transport. this will include the use of taxis and company cars to minimise infection spreading.

Required Care Fee Increases 2021/22
Firstly, I would like to thank you for your continued support and for working alongside us during 2020/21 and aiding to cover cost increases imposed on us by central government.
I am writing to you to ensure that you understand: - the increases in our costs that will be imposed on us in 2021/22 in relation to the services we provide to you; and - the fee increases required in 2021/22 to meet those costs on a fair and sustainable basis in accordance with your duties under the Care Act in good time for you to take that information into account in setting your budget for care fees in 2021/22.
The cost increases we are facing are as follows:
National Living Wage ("NLW")
As you will be aware, it was announced during the spending review on 25th November 2020 that NLW will rise by a further 2.18% from £8.72 to £8.91 per hour from 1st April 2021.
General Inflation
In line with the Office of Budget Responsibility (OBR) forecast, general inflation is expected to be 2.7% in 2021/22. This has been applied to non-payroll costs.
Ongoing increased costs due to the COVID-19 pandemic
As you will understand, our costs over the last 9 months have increased significantly due to the COVID19 pandemic. We expect some of these costs to continue into 21/22 and that we will not be able to recover them through other funding sources. As a result, we have analysed our additional costs and calculate that these make up 2.43% of the funding we receive from you. Therefore, this percentage has been included in our request below.
Required Increase
We have calculated the impact of the increase in our costs driven by the factors set out above. We have reviewed the services we provide to each commissioner individually to reflect the position in these services, rather than take an average view across all placements we provide nationally.
We have calculated the required fee increases as follows:
Supported Living, Outreach and Day Care The fee increase percentage is equal to the percentage increase for ongoing COVID-19 related costs and the percentage increase in pay costs (including employer's National Insurance contributions) as we provide care services at an hourly rate with no associated hotel costs.
Residential Services As we provide care services at an hourly rate (70% of our costs) with associated hotel costs (30% of our costs) the fee increase percentage is equal to: - The percentage increase in pay costs (including employer's National Insurance contributions) x 70% (as pay costs are 70% of total costs); plus - General Inflation percentage increase x 30% (as non-pay costs are 30% of total costs); plus - 2.43% for ongoing COVID-19 related costs.
Our calculations show that the following fee increases will be required from you for our services from 1 April 2021:
Residential Care Services 4.79%
Supported Living Services 7.07%
Day Care Services %
Outreach Services %

Sleep-ins

As you will be aware, on 13th July 2018 the Court of Appeal overturned the decision of the Employment Appeal Tribunal in the case of Royal Mencap Society v Tomlinson-Blake. The Court of Appeal held that workers doing sleep-ins were to be characterised for the purpose of the National Minimum Wage (NMW) Regulations as available for work rather than actually working, and so fall within the exception provided by regulation 32(2) of the NMW Regulations. Therefore, only time when the worker is required to be awake for the purposes of working would count for the NMW.

In November 2018 the Department for Business, Energy and Industrial Strategy (BEIS) published updated guidance on calculating the NMW for sleep-in shifts. This takes account of the Court of Appeal ruling that providers do not have to pay the national minimum wage for sleep-in shifts.
On 13 February 2019, the Supreme Court granted Unison leave to appeal the Court of Appeal judgment on sleep-ins. The case was heard by the Supreme Court on 12 and 13 February 2020 but a ruling has yet to be made. Voyage Care currently pays staff a flat rate for sleep-in time which is compliant with the NMW regulations stated above in light of the Court of Appeal decision. However, should the Supreme Court

reverse the Court of Appeal's decision on sleep-in time and the law recognises sleep-in time as working time for NMW purposes, then Voyage Care reserves the right to require additional fee increases from you in respect of sleep-in shifts. If this is the case, we will further write to you following the decision.
Action You Need to Take
Please ensure that you: - budget for 2021/22 fee increases for our services accordingly; - provide a date as soon as possible if you wish to arrange a meeting to discuss your proposals for 2021/22 increases; and - confirm by return any additional information that you will require in order to process 2021/22 fee increases.

**Extra Care - Online Survey Responses to Consultation December 2020**

**Respondent 1**

The fee increase will simply maintain the status quo i.e. wage rates will be increased in line with the NMW increase, meaning that care workers remain at the bottom of the wages league, and providers will struggle to recruit and retain quality staff.

We need to rethink the fee calculation, the bulk of which is care worker pay., and decide if it is fair for care workers in the independent sector to receive remuneration and terms and conditions which are considerably inferior to a care worker for SCC or a Healthcare Assistant in the NHS.

By simply lifting wages by circa 2% providers will continue to be faced with high levels of staff turnover, affecting consistency, continuity and the general quality of care provision.

The current benchmark for care worker pay is very low (around national minimum wage level when travel time taken into account). As providers and a local authority we should be aiming to do much better and strive for at least the rate recommended by the Living Wage Foundation.

After everything that care workers have done this year during the pandemic, going out to work and putting themselves and their families at risk, particularly during the first 3 months when full PPE wasn't available (whilst the majority of the country were safely at home receiving at least 80% pay), it would be an insult to give them a pay rise of around 20p per hour.

I would respectfully propose that SCC does everything in its power to allocate more money on the proviso that providers undertake to pass it on to staff.

It should also be noted that care workers in Wales and Scotland have benefitted from a £500 payment awarded by their devolved Governments. Such a shame that we haven't done the same in England.

Public sector essential workers: NHS, police, teachers also received a pay award earlier this year which recognised their efforts during the pandemic.

Whilst some costs have risen (business insurance, postage, mobile phones) the amounts are not significant in the great scheme of things.

**Feedback from Supported Living Providers**

**This section contains the anonymised responses from providers throughout the engagement and consultation process.**

The Council ran two engagement sessions with Supported Living providers during the formal consultation stage in January. Providers had received a letter outlining the proposed increase in fees and were asked to provide feedback on the proposal in writing and via the engagement sessions. The feedback from this session is set out below including verbatim comments.

Supported Living Engagement Session 1 – 6th January 2021 – 4 Attendees

**Differentials in staff pay:**

- Support differentials in pay for staff. It is a positive for managers to have their uplift too to attract employees to a higher responsibility role.

**Foundation Living Wage:**

- Supports the idea of moving towards Real Living Wage/Foundation Living Wage for staff

**Support from the Council:**

- To add, we have felt well supported by SCC with the C-19 pandemic.

**Price Model:**

- Would welcome a discussion on reducing the complexity of the Sheffield geographical rate. Likely to be in favour of this so long as there was no knock-on effect on average rates.

- Price model can add margins of error due to complexity.

- If we did look at simplifying, we would have to look at the whole cost to the market and how it would impact individual providers also. It would need to be done on a case by case basis before making a decision

Supported Living Engagement Session 2 – 7th January 2021 – 6 Attendees

**COVID 19 -**

Concern about the ongoing cost of PPE is support from Government is taken away

- General cost of living increase – only concern is the additional bits that may not have been accounted for e.g. pensions costs etc. some things will increase that have not been accounted for in the fees cost.

Ongoing costs associated with COVID-19 – training etc. Not sure if additional grants will cover

- There is a difficulty in trying to predict what will still be in place from central Govt.

- Testing is taking a huge amount of managers' time at present

- Trying to take lots of things into account like this, as well as pensions increase and National Living Wage increases.

- Some costs are hard to quantify, recruitments costs, and maybe having to use agency staff due to so many people isolating or off sick. If we had a better idea of when the vaccine will be rolled out, then we could plan a bit better

**Separating out costs of COVID from fee uplift:**

- Happy that there is a separation as it helps providers to see what the additional costs are due to Covid. The only concern would be that we get stuck with those additional costs – extra on call, extra hours for managers, more risk assessments to keep people safe etc. all on top of the business as usual.

**Foundation Living Wage:**

- The worry for many providers is that they do pay minimum wage, some pay enhancements on top pf that e.g. unsociable hours or overtime. When we

look at foundation living wage it is significantly higher, some local authorities insist on providers paying this, but then the local authority needs to pay the providers a higher rate to make this sustainable.

- Agency usage has increased and being able to pay a little bit more helps to get staff who provide a better quality – so that is a benefit to patients. Important to note that often the hourly rate paid doesn't cover the cost of agency. Having that bit more money helps create better stability in the workforce.

**Other issues:**

- **Having to use agency staff due to shortages caused by sickness**

**Supported Living Providers – Online Survey Responses to Consultation December 2020**

Of the respondents 3 provider claimed the proposed fee uplift would cover operating costs. 3 providers claimed that the fee uplift would partially cover their operating costs. However, 3 providers said the uplift would not cover costs.

**Respondent 1**

I think that the proposed fee partially covers the issue with the current fee rate is the block discounted rate.
We would propose the block discount rate is increased at a higher percentage rate then the other rates.
What of the big issues facing providers are set overheads have increased over the last few years - Insurance , it costs, ect and I believe that this should be factored in possibly as a one of block payment which would support providers but reduce the cost per hour of care.

The proposed fee would not allow us to achieve our goals of paying the Real living wage to our employees.
we would also have to consider what service we are financially able to deliver

I think that the full workforce should be considered when looking a t a proposed uplift and not just a proportion of the workforce.
I believe providers should be issued a block payment to take in to account increased overheads.

I think Sheffield should look at putting in a rate which then has to be passed on to staff who have to be paid the Real living wage. This would help the local authority stand out and it could be a minimum standard for providers who the local authority.

**Respondent 2**

As the increase is in line with NLW increase and we feel that you currently pay us a fair rate for our services, then we feel that this is a reasonable uplift proposal.

The uplift assumes a 'Covid free' situation from a funding point of view. However, due to the support we have received from Sheffield to date we would be confident

of your continued financial support in terms of any additional costs we might experience, outside of the base hourly funding rate.

Nothing detrimental, but obviously the fee uplift is key to us being able to fund the required increase in the National Living Wage. Without this, our ability to operate the services becomes jeopardised due to a reducing financial envelope.

We are seeing an increasing number of Local Authorities paying a significantly higher uplift, contingent on us paying the Real Living Wage to our Support Workers. Where this is being implemented, we are also advocating for a sufficient uplift to allow us to maintain pay differentials within our management structures. We would obviously advocate for this to be considered to reflect the significant and valuable contribution that our Support Workers make to the lives of people with a learning disability.

**Respondent 3**

Unfortunately, the proposed uplift by Sheffield of 2.03% does not meet requirements. The proposals would not meet the increased staffing and non-staffing costs such as the increase to the NLW.

The proposals also do not cover any additional costs due to Covid 19 which is highly likely to result in additional costs during 2021/ 2022.

Covid 19 additional costs

***Sheffield City Council has urged providers to exclude COVID-19 costs from this exercise as additional funding is available for COVID-19 related costs.**

**Respondent 4**

The increase will help in meeting the current cost of support, however as an organisation we aspire to pay real living wage to our front line staff. The proposed uplift would not allow for this to be achieved.

Ability to pay front line staff a minimum of Real Living Wage.

**Respondent 5**

1. All health and social care workers and Sheffield CC workers must adhere to the DUTY OF CANDOUR. Tell the truth to organisations, clients, families that there is a need to reduce costs of care. People are more likely to accept reductions if you are truthful about the reasons why.
2. DO NOT lower the rate that you pay to service providers. All year people have been "clapping for" or saying "thank you to all your front line workers" and so if you now reduce the possibility of them having a wage that is better than National Living Wage, you will lose every bit credibility. The rate for awake supported living should be aimed to reach a minimum of £20 per hour over the next few years, so that agencies can pay staff a minimum of £10 per hour. Supported Living care staff are not even paid the equivalent of NHS band 1. We don't get bank holiday rates, we

don't get shift allowance, we don't get anti social hours pay or weekend rates, we don't get 25% off in every other shop, we can't work flexi-time, we don't have term time contracts. In a world that is screaming out for equality then please be honest about the inequalities of pay for care workers and NHS nurses.
3. Costs of care need to be cut, we all know and accept and agree with that - Duty of Candour. Don't cut the rate of pay, for reasons stated. Use supported living managers to look at their support grids and ask for their input. Under my duty of candour I am telling you that in my experience Sheffield CC care managers and/or social workers DO NOT understand support grids and spreadsheets. THEY GET IT WRONG. Ask for help from the managers of supported living services. I use a support grid and spreadsheet every day to work out the cost of care. I have a Maths degree, this is one of my skills. Use inter agency communication and let me help you. If you are honest about how much you are looking to save per week per client, then I will be able to have a good go at doing that. If you are honest about the reasons why, then I can explain this to the clients and their families.
4. Do not assume that day services are the least costly form of support. Example:
Average cost of day service attendance = £50 plus
Average cost of travel to day service = £20 (part funded by DLA or PIP = £10 cost to tax payer) These are estimates based on my experience of costs.
Therefore 3 clients going to a day service on the same day from the same supported living property = 3 x £60 cost to tax payer = £180.
Same three clients suppoprted at their home on a 1:3 basis (Day service is often 1:4 support) = 6 hours support at £17 per hour = £108 cost to tax payer. Saving per day of £72.
5. DUTY OF CANDOUR : Day services are only important for clients who live at home with parents or family carers. Clients who live in supported living can get cheaper and better support from their primary care providers. WE ARE DOING THIS RIGHT NOW.
We ensure that our clients have links with their family, friends and the local community.
Day Services are often simply somewhere for people with learning disabilities to be during the day.
6. The reason I use 6 hours of support as an alternative to day services is this:
Daay service is generally a seven hour day, however 30 minutes of travel during rush hour in the morning and 30 minutes travel during rush hour in the afternoon means that the clients only tend to have approximately 6 hours per day at day service and a lot of that time is sat around doing very little.
Day services need to evolve and be used to help support those who are cared for at home.
7. Personal Assistants should not be used in a supported living environment, but only for clients who are supported by parents or family carers at their family home. PA's in a supported living environment are simply a duplication of costs. Also, and I am employing my DUTY OF CANDOUR and speaking from experience, it is very confusing for a client and demoralising for supported living care staff to see a PA get paid more money and yet they do not have to have any training whatsoever, including mandatory fire, safeguarding etc, they never have any appraisals or supervisions, they have no accountability. PA's do not work in supported living. They are not accountable to anyone. Sheffield CC is not checking that they do their job adequately and nor are family members in many cases.
8. Speak to supported living managers and we can work together to cut care costs

whilst maintaining or even increasing the quality of care that we provide. Some of us are actually reasonably intelligent and may be of use to the local authority. BE HONEST about what you are trying to do.

**Respondent 6**

We do not generally feel that this increase meets the wider implications of an increase in the National Minimum Wage. The National Minimum Wage has a more profound affect on costings and wider the economy, National Minimum Wage does not exist in a vacuum and thus we believe that simply isolating this specific percentage increase does not do justice to costings.

Any increase in fee rate increase is likely to help us meet costs particularly in the short term but as the wider implications catch on will no doubt become an unsuitable measurement before any review would be due.

It might also be noted that when specifically reviewing in regard to National Minimum Wage the new age limit will be 23 and above from April 2021, rather than 25 and above as it is currently - this does not appear to be part of any fee rate calculation.

Most importantly, we will not be able to give proper credence to our staff members, their outstanding commitment, increased workload and responsibility. We will not be able to give them monetary credence beyond a percentile increase in the National Minimum Wage. If the pandemic has shown us anything, it is that these people are undervalued when it comes to pay, and local authorities seem to be double-down on this by pegging any increase to that undervaluing. We believe providers as a whole are undervalued with this, and the crucial social good they deliver.

We do believe that the suggested approach lacks a suitable amount nuance.

We would like to see the extra-ordinary work done by carers and social care in general to be recognized, particularly with the national momentum behind it. In hence "money where mouth is", it should be no argument that carers paid above the National Minimum Wage is both a social and national good and is more represensative of the work they do, particularly over the past year. As such, we do believe that pegging any increases to National Minimum Wage directly contradicts this.

Consumer price index is also a highly variable figure month-in-month-out and would see a more sustainable approach, if it is to be pegged to fee rate, to be the highest rate recorded over a certain period of time - such as the previous year, rather than arbitrarily to a certain month. This would be more indicative of the transitional nature of economic struggles of both care companies and their staff members, and hence a more resilient approach going forward.

Also, at the time of writing this we are not sure on what is the mathematical approach to establishing 85% to 15% staffing to non-staffing on the fee rate, and whether it is another arbitary assessment of the situation.

**Respondent 7**

We currently pay our staff the Foundation living wage which in April will increase by 2% so the proposed 1.85% for staffing costs does not cover the proposed costs.
The proposed increase does not cover the increase in pension contribution .
We have had incurred significant increased costs around the purchase of PPE . As a non CQC Provider we have not qualified for support to obtain free PPE.
AS a organisation with a small staff team based in Sheffield, therefore staff have to travel to where support is provided & can & does incur additional staff costs.
It would be helpful to understand why there are variable different rates in different geographical areas as this requires much more financial administration for those on a Direct payment/Self funders, it is also confusing for referrers ( Social Workers) as they are not clear what the hourly rates are for each area.

It would be difficult to meet the minimum wage increase & this would impact on staffing levels. & quality of service. Although the organisation has reserves in place these have been designated for other purposes & not to subsidise L A shortfalls.

The National wage increase is set by Government & not the organisation so we are not in control of it , it would be beneficial for LA to meet the full minimum rate increase as well as CPI increases.

KeyRing are a innovative organisation & are always interested in developing new services/projects. Funding is very tight & doesn't allow for creativity & innovation.
It would be helpful if systems worked more effectively , we haven't been paid in a timely manor for the work we have provided. When we email queries sometimes we don't get a response & this makes it difficult to plan & resolve issues in a timely way resulting in errors where we haven't been paid properly.

**Respondent 8**

The proposed rate meets the additional costs and overheads as budgeted for 21/22. We acknowledge the challenging times we face and the proposed amounts met our expectations. Our aspirations are to pay front line colleagues above NLW which is not achievable with the current rate for all front line colleagues so our focus is to retain colleagues as part of our appreciation and wellbeing strategy.

We can continue operating with the proposed figures.

We will continually work to become more efficient as an organisation to make savings so the fee meetings the needs of the contract.

Aspiration to increase pay from front line colleagues.

We have services which are not on the current framework rate which are not meeting minimal viability threshold. These services are due to come onto the framework this financial year and confirmation of this would be beneficial for our

budget planning, as if these services do not come onto the current framework this will be difficult to continue operating.

**Respondent 9**

Social care staff especially support staff have done a tremendous job during the current pandemic and have seen their job profile going up in terms of being recognised through out the whole country however the fee rate does give margin for them to be renumerated better.

We have no choice but to pay our staff in a way that shows the value we place on which means paying above the minimum wage. The proposed uplift does not allow us to pay our staff accordingly and so without the uplift has negative impact to our finances.

Paying staff above minimum wage.

As a provider we are operating in very challenging and demanding environment and any uplift should take into account that frontline staff need motivation.

**Letter from Supported Living Provider dated 9th December 2020**

**Supported Living Rates 2021/2022**

I am writing to you following your letter dated the 3rd December 2020 detailing your proposed uplift for Supported Living Rates 2021/2022. Thank you for sharing your initial uplift offers for 2021/2022 and seeking the views of Supported Living providers.

I would also like to thank you for your appreciation of the work Supported Living Providers have undertaken over the last 9 months during difficult and uncertain times. I hoped that the gratitude of the work undertaken by Social Care Workers during the pandemic would result in societal change and that we would see increased value and importance on the work we do.

Unfortunately, the proposed uplift by Sheffield of 2.03% does not meet requirements. The proposals would not meet the increased staffing and non-staffing costs such as the increase to the NLW.

The proposals also do not cover any additional costs due to Covid 19 which is highly likely to result in additional costs during 2021/ 2022.

The proposals do not value the important work which we do or demonstrate a commitment to the Social Care Workforce that they are valued and do valuable work.

We are aware that the local government settlement is 4.5% and would suggest that given the incredible work Social Care providers and their workforces have undertaken during the last 9 months that any uplift offer should be as close to this as possible.

We understand that your costs are likely to be higher than anticipated and you also have increased costs which impact on the uplift you are able to offer, but we would be unable to accept an uplift lower than 3% and ask that Sheffield City Council consider above 3% to demonstrate its commitment to its Social Care Workforce.

**Letter from Supported Living Provider Dated 8th January**

**Support Living Rates 2021/22**

Thankyou for your recent letter outlining the proposed supported living rates for 2021/22.

Broadly we are comfortable with the proposed increases in respect of inflation. However, we also need the revised rate to factor in all the costs of COVID-19. I have set out further details on each of these below.

**National Living Wage**
The Government has announced that the National Living Wage is increasing by 2.2% to £8.91/hour from 1 April 2021. As over two thirds of our total costs relate to Support Workers this will increase the hourly rate by 1.5%.

**Management and Back-Office Staff**
It is important to maintain the gap between management roles and support worker roles as it will be impossible to continue paying managers little more than the staff they manage when they have additional responsibilities and we are at risk of losing managers. Support worker roles have seen a 13.3% increase in pay over the last 3 years due to the impact of increasing National Living Wage alone. The last 9 months have been a very difficult period for all staff within the social care and all our staff, both frontline and those in management and back-office roles have had to repeatedly go and above and beyond their roles and we will need to recognise this in pay reviews.

The current average annual UK wage growth is 2.7% (*Source: ONS Average weekly earnings in Great Britain: December 2020*). We expect some impact from Coronavirus which may further dampen this but will need to recognise the hard work and commitment of our staff throughout the pandemic to avoid losing staff once the employment market starts to open up as Coronavirus restrictions ease. If we don't keep pace with underlying wage growth then it will further exacerbate the difficulties of recruiting into social care. We therefore assume a 2% increase will be required in management and back-office staff costs which will contribute 0.4% to the hourly rate on a weighted basis.

**Other costs**
Inflation ranged between 1.8% and 0.3% over the last 12 months *(Source: ONS, Consumer Price Inflation, November 2020)* and it has to be assumed that it will start to rise from its current low levels by April 2021 as the economy starts to open up on the back of the vaccination programme. We therefore assume a 1.5% impact from inflation on non-pay costs for the year commencing April 2021. This will contribute 0.2% to the required hourly rate on a weighted basis.

**Coronavirus**
Coronavirus has had a material impact on X from both an operational and financial perspective. In order to keep the people we support and our staff safe we have incurred significant additional costs in procuring large quantities of PPE, covering staff absences and in additional IT costs. Whilst contributions towards these costs, including from Local Authorities and the Infection Control Fund, have been very welcome these were insufficient to cover all the costs incurred.

Across the organisation X had a shortfall of £0.8m between COVID-19 costs incurred and total cost recovery. To ensure financial stability for the long-term we therefore need to recover this deficit.

Compared to the Local Government guidance set out early in the pandemic we received a shortfall in funding of £44k from Sheffield. This equates to an additional 2.3% increase in the hourly rate.

**Overall Uplift**
We are in broad agreement with the 2.03% increase to reflect inflationary pressures, however we also need an increase to ensure all COVID-19 costs are fully funded.

As a result X requires an increase in the hourly rate of 4.3% across all services from April 2021.

I would like to meet with you at the earliest opportunity to discuss the above.

**Non-Standard Care Homes - Online Survey Responses to Consultation December 2020**

**Respondent 1 (Home Care and Extra Care provider therefore feedback has been used for both sectors)**

The standard rates mentioned above are not applicable to our services. X commissioned by the Council are specialist, bespoke services that provide a different care model to the type of standard services mentioned above. We have written agreements in place for the placements the Council has commissioned with us and these are the contractual basis for the care we provide to residents. The 2020/21 fee structure agreed with the Council is: £196 per day for LD Residential, £242 for LD Residential with Nursing and £186 for Sheffield Day Services. As a responsible provider of care, we are required to ensure that all fees are at a

sustainable level to continue to provide high quality care. Our proposal for 2021/22 is a request for a minimum uplift of 4.5% for new and existing fees.

The standard rate suggested by the Council of £505 per week to £514.60 per week is not relevant to X and we are requesting a minimum of 4.5% uplift to fees for new and existing fees for 2021/22. The standard fee mentioned is not applicable to X. Please can you advise what uplift would be applied for specialised and bespoke services? Our minimum request is 4.5%.

Please can you advise what uplift would be applied for specialised and bespoke services? It is our hope to have all agreements finalised by 1st April 21. Last year we were asked to submit a fee breakdowns confirming our proposal for 2020/21, can you confirm if that process will be followed for 2021/22?

In summary, our fee proposal is a minimum uplift of 4.5% for existing and new admissions. The current 2020/21 fees for new admissions is: £196 per day for LD Residential, thus an uplift of 4.5% would increase this fee to £204.82 per day. £242 per day for LD - Nursing Led Residential, thus an uplift of 4.5% would increase this fee to £252.89 per day. £186 per day for Sheffield Day Service, thus an uplift of 4.5% would increase this fee to £194.37 per day.

The Council is currently working with X colleagues in relation to existing client fees that have been unsustainable for a number of years. As you know this review, backdated to October 1st, is vital for the sustainability of the service. These negotiations are working within the context of existing rates and do not account for inflationary pressures (including NLW) from April 2021.

We have already provided open book cost details of the service X and will be happy to continue to provide details of these costs but only provided that Sheffield commit to meeting the actual costs.

We are keen to continue our partnership in 2021/22 and beyond.

**Appendix B**

**Home Care and Support Services Survey Activity - Understanding the challenges and the support required for August, September and October**

***Provider Feedback – Free text fields extracted from the Survey***

**Sheffield City Council's support so far?**

"All support that we received was very good, in fact some of it was even more than what we expected. Thank you commissioners for making our job and the clients easy and manageable, during these unprecedented times."

"Despite the lack of PPE (which was a national problem) the Council worked hard in providing information and tried to help when needed) - we did quickly become awash/overwhelmed with too much differing and changing information which did not help and created confusion. We found some of information contradictory and not clear."

"There are aspects that were very well supported such as the introduction of block payments which helped us to easily recruit staff as we could also pass on the incentives to staff and helped improved the hourly rate of pay to our staff. We were also able to change our payment terms from monthly for staff to paying them every 2 weeks."

"The poorly executed aspects from our part has been around the requesting of PPE. It has been very taxing for us to weekly calculate PPE and request this regularly on a weekly basis, it would have worked better if emergency PPE was supplied on a monthly basis."

"Initially SCC was very quiet with little communications or support to ourselves, on commencement of the Covid-19 dedicated inbox onward, support from SCC has been there whenever it's been required. Far better than some LA's that I am aware of - thank you" -

"I believe we were supported, on occasions information regarding certain support were slower than expected, It did feel like in the very early days we were chasing some answers which weren't originally clear which caused some uncertainty for us an providers however on the whole we have felt supported."

"We are very appreciative of the PPE supplied by SCC. The guidance and support provided by Andrew and Emma was valuable. The daily Provider Covid-19 emails were very useful. The 5% COVID-19 enhancement and block payments were very welcome."

"The advance and block payments have been a god send. However it would have been great to receive a remittance to show what we have been paid as my payments have been wrong each week and I have had to chase these with no real information to pass on, so must have a been a nightmare from your side to actually find missing

payments."

"Our cash flow has been up and down due to payments being incorrectly sent out. The information regarding the payments have been non existent after the initial breakdown listing the payments due date and amounts that was sent out to us back in May. A business needs a remittance to review that the payments received are correct and have the ability to question/query. I had nothing."

"The flexible 2 weeks payments assisted in better planning in regards to costs and also staff retention".

"The changes in payments from being in arrears to in front supported the business and helped with cash flow massively, rather than paying staff before actually being paid for the services delivered has always been a bit of an issue."

"Whilst the financial enhancements were very welcome, the PPE was a life saver as, had it not come when it did, we could have faced a staffing crisis (more and more were becoming anxious and expressing concerns about their personal safety and that of their families).
The daily updates from Provider Covid19 were very useful in providing us with information, a summary of important announcements and signposting us to website links of useful resources."

"I feel that the financial support is bring withdrawn prematurely when the demand for staff and service users protection remains the same. Also comparing with other LA, Sheffield's financial support fell on the lower range."

"The council should have left the current arrangements in place because the situation at present is uncertain. The fact that lockdown is being relaxed, does not mean that our COVID 19 related expenses have suddenly disappeared. If anything thy have gone up as the current hot whether creates additional PPE demand. This eats into or cash flow as is an unplanned for expense on our business plan."

**Challenges and support looking forwards**

"Regarding the exceptional costs funded by the IPC Grant, we feel that it would have worked better if the Council had worked out what every provider would get based on the current capacity of weekly delivered hours. The reason being that every organisation is facing one challenge or the other, what only separates the severity of these challenges is capacity and size of the organisation. On another note, even if we resume the actual payments, we still prefer 2 weekly payments as it helps to support our organisation with better cash flow."

"It would have been beneficial if the IPC grant would have been given to providers in relation to providers current number of clients or hours commissioned."

“Home Care needs to have continued support both financially and practically to get through this crisis. Many events happened at a rapid pace. Will the lessons learned and good practice continue?”

“”With the current support we will be prepared for a second wave, but without support we will struggle financially.”

“Our staff have worked in a professional manner. They have then gone the extra mile for their service users and families. I think it would mean a lot if the local press could run an article about Home Care in general in Sheffield highlighting what all our staff do. They are tired, at times balancing the needs of their families and themselves with the needs of the Services. I think they need a public well done for all the Home Care workers in Sheffield.

“We concerned about the availability of PPE to us as Providers not just from the Local Authority but from our suppliers , as well the high costs of acquiring PPE.”

“Sourcing of PPE from our usual suppliers is still a major issue as there are constantly out of stock or the costs have rocked from £53 a box to £89 a box, sometimes even more. Whilst we were promised that some of the costs we already incurred were going to be looking at as an open book and reimbursed, this has not happened 3 month on.”

“The poorly executed aspects from our part has been around the requesting of PPE. It has been very taxing for us to weekly calculate PPE and request this regularly on a weekly basis, it would have worked better if emergency PPE was supplied on a monthly basis.”

“Pay planned time to ensure this reflects onto the care workers and the work they are doing, this means care workers can be better paid, Improving retention of staffing levels and increased costs of PPE can be covered. All of which are the main struggles within the sector.”

“By extending block payments to allow the extension of payments to staff.

“By supporting with the ongoing and embedded costs of PPE.”

“If the cost of PPE remains the same this is going to be a great challenge.”

“I think the council should support us by continuing with advance payment and block payment which should be supported by us providers submitting accurate weekly client list returns so that providers are not overpaid or underpaid”

“Most Providers would have capacity to take on packages if they were assured that the people returning from hospitals were Covid-19 negative on the day of discharge, and there were also enough hospital discharge packages for Providers to pick.

“Tests for Carers and people in their homes should be more readily accessible rather than making them only more accessible in nursing homes”.

“It is critical that information sent to us clear and relevant. Repetition, contradictory and irrelevant information only distracts from the matter at hand. Clarity and concision is paramount to understanding and implementation - focus then is on the very practical needs of Staff and Service Users (which should also be a long term strategy)”

“The communication between providers and hospitals when discharging patients needs to improve especially on the Covid status.”

“Continued support with PPE”

“More guidance around RAG rating of service users, support plans rate them rather than provider having t make the decision”

“Provision of PPE”

Reward/recognition for care workers. They have worked through the crisis (without adequate PPE initially) putting their own health and well-being at risk, compared to a significant proportion of the working population who were furloughed (paid 80% of their salary to do nothing).

“Ensure a regular supply of PPE.”

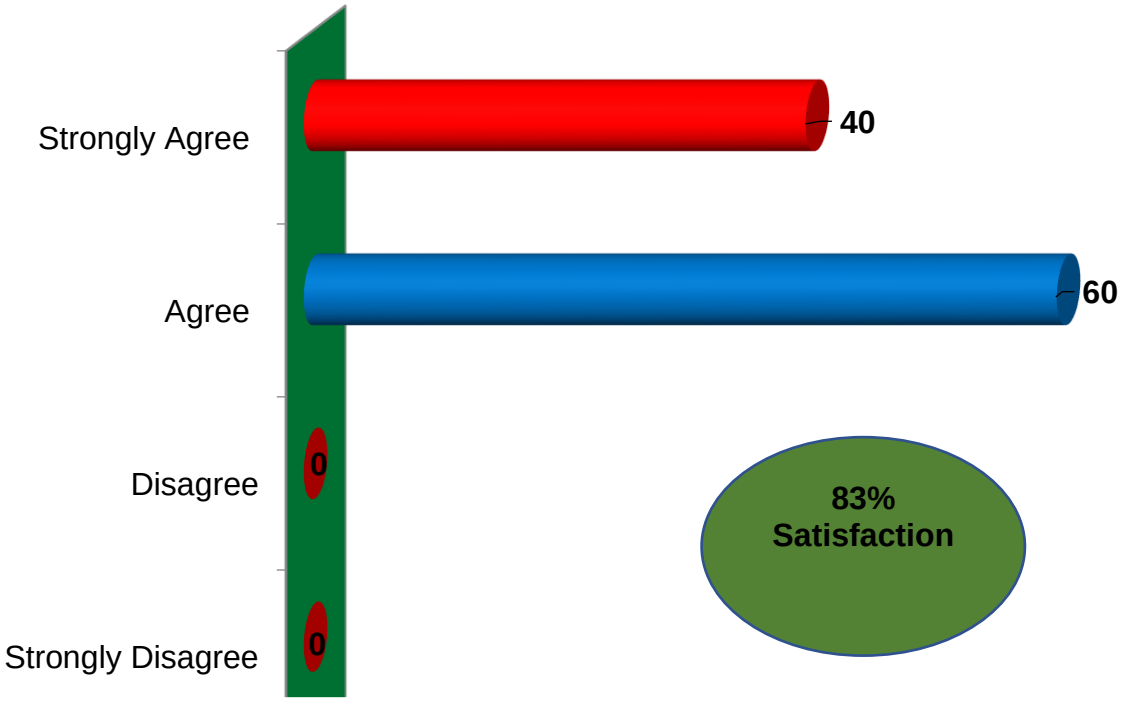
“Continuation of supply of emergency PPE”

“Free online mandatory training”

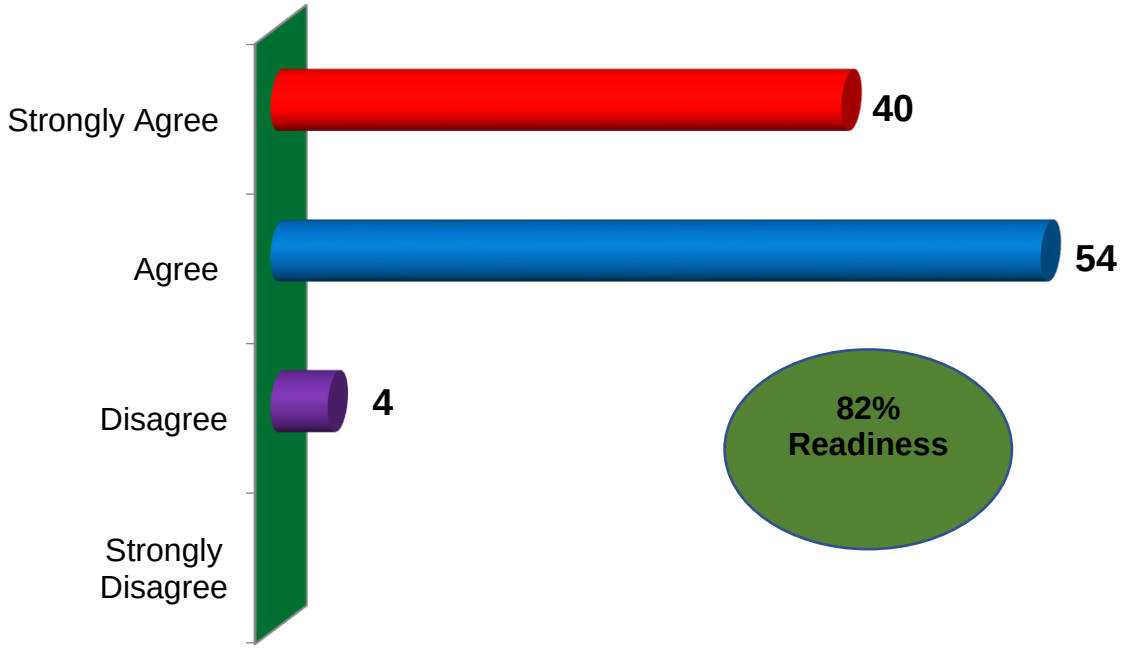
**Appendix C**

**Home Care and Support Services – Covid19 Support August to October 2020**

**As a home care provider, we were well supported by Sheffield City Council during the initial stage of Covid19.**



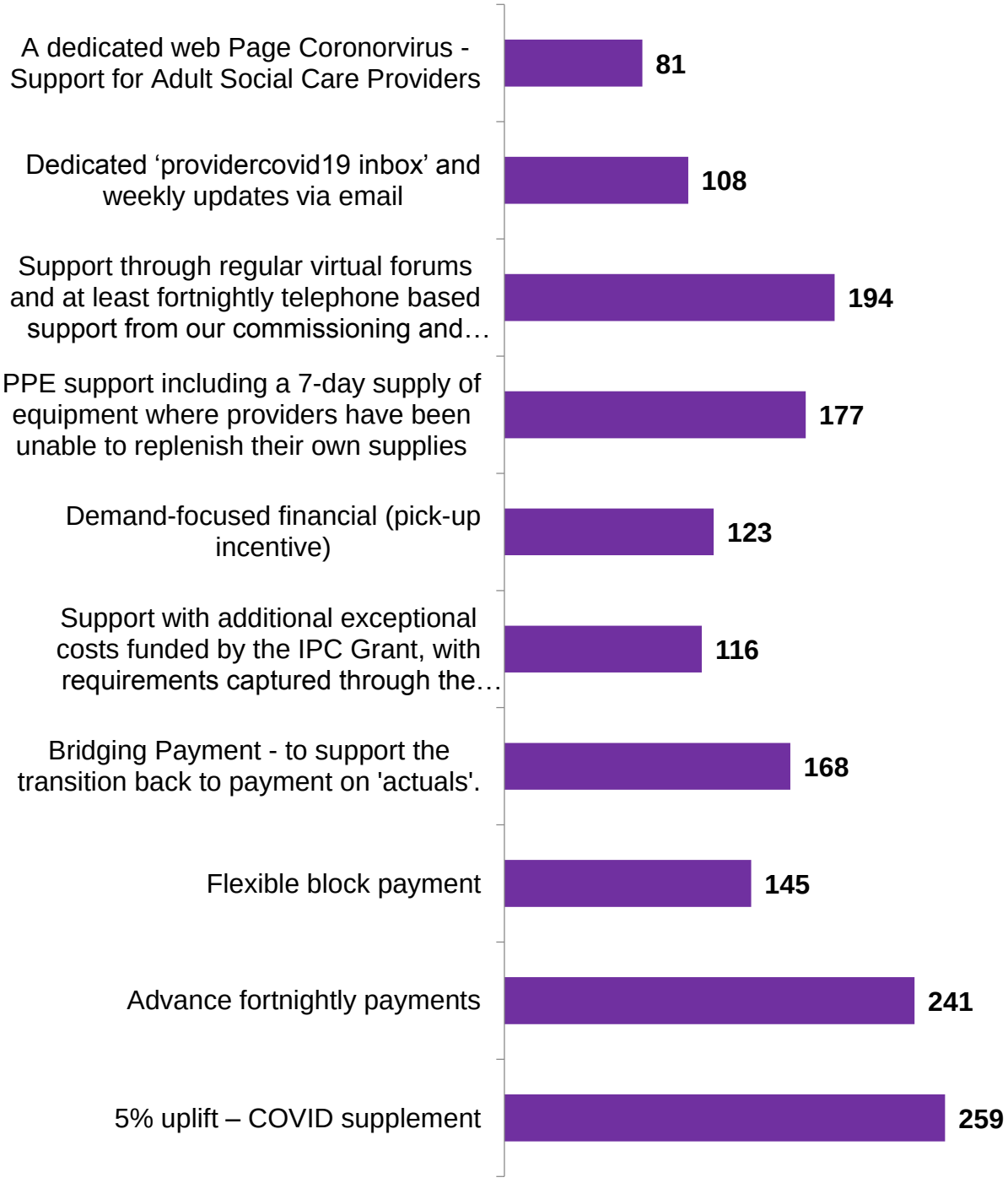

**In the event of a significant increase in local Covid19 infections ('2nd wave'), I feel our organisation would be well prepared:**



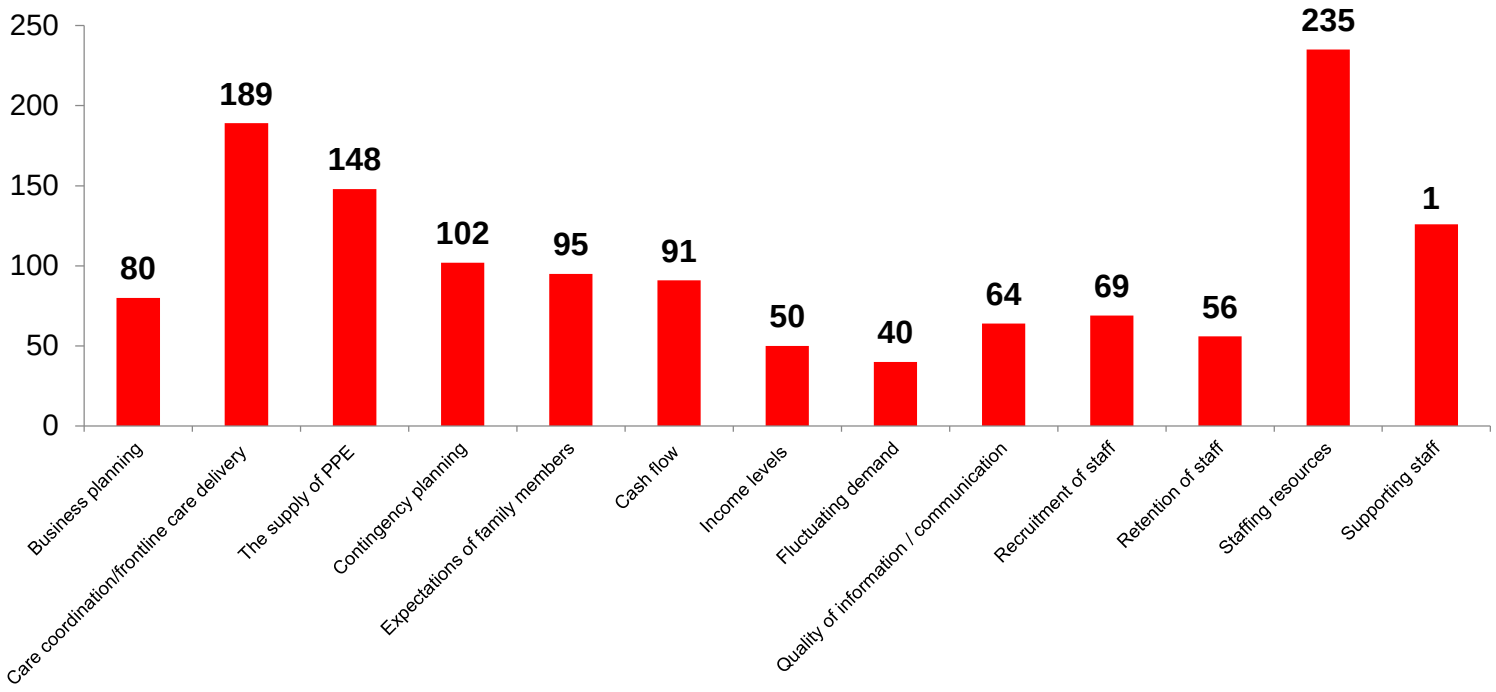

The above scores have been calculated by attributing; 1 point to Strongly Disagree, 2 points to Disagree, 3 points to Agree, and 4 points to Strongly Agree, to each of the two statements. The maximum score possible is 120 points for each statement, based on 30 Home Care providers responding to each.

The below scores have been calculated by attributing ‘1 to 10’ points for each support element provided by Sheffield City Council from the 30 Home Care providers responses, with the most valued scoring 10 points.

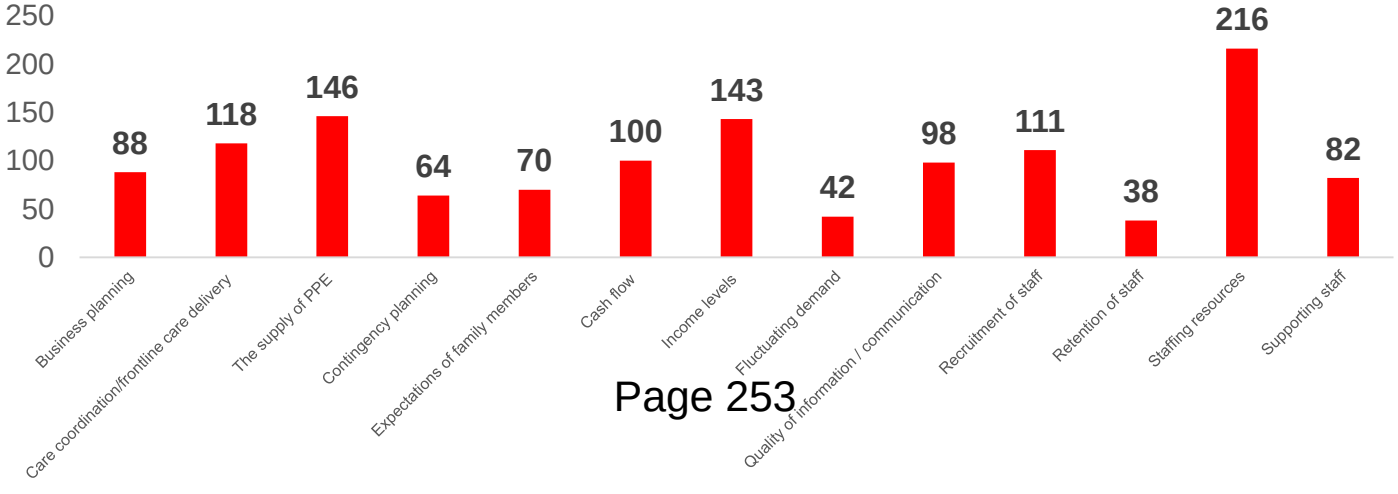
**Of the support offered by Sheffield City Council, please rate which elements are, or have been most valuable**

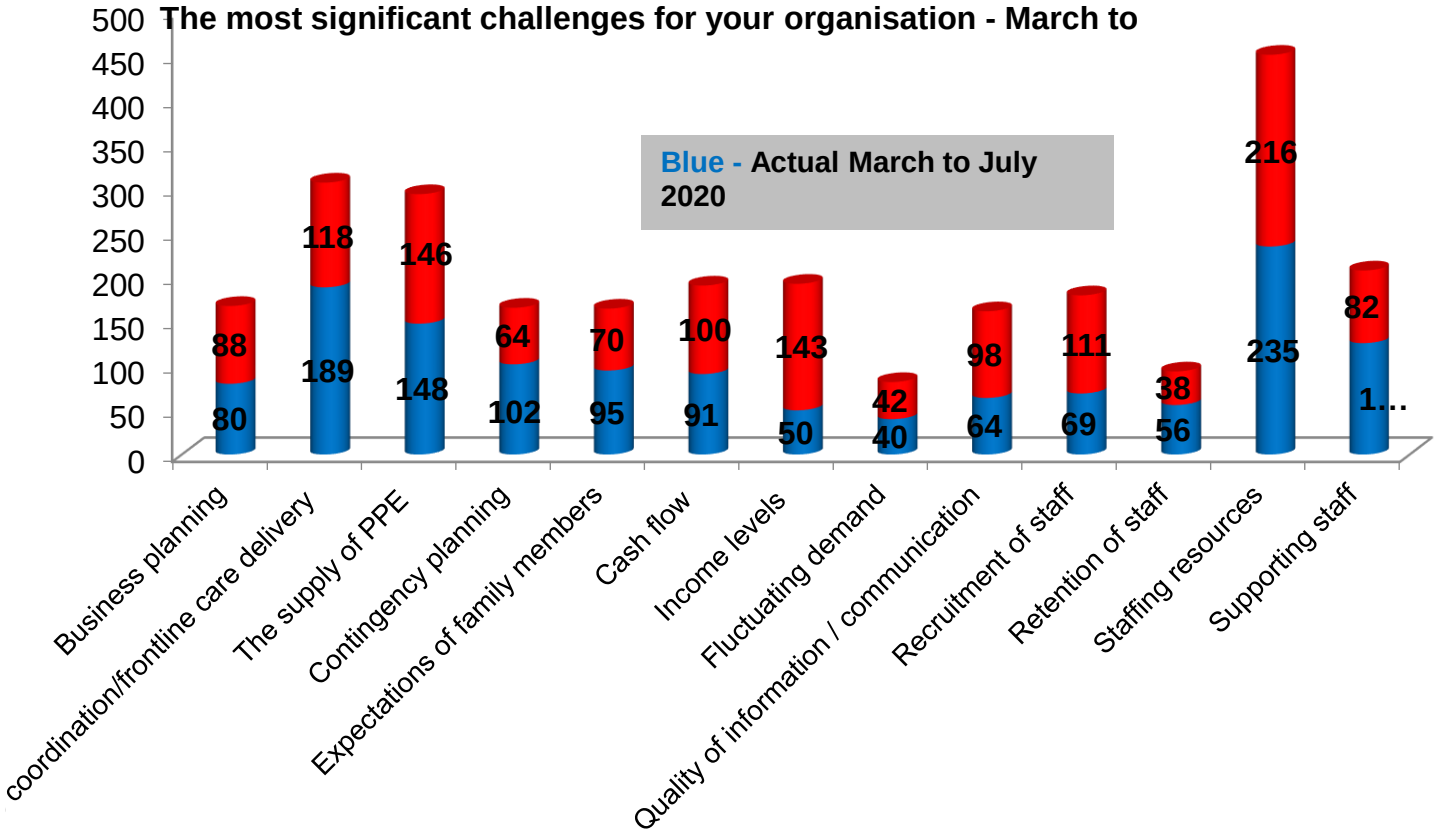


The below scores have been calculated for the three Graphs by attributing '1 to 10' points for each Covid19 organisational impact from the 30 Home Care providers responses, with 10 points awarded for the most significant




**What do you anticipate to be the most significant challenges for your organisation over**




The most significant challenges for your organisation - March to
Blue - Actual March to July 2020
500
450
400
350
300
250
200
150
100
50
0
88
80
118
189
146
148
64
102
70
95
100
91
143
50
42
40
98
64
111
69
38
56
216
235
82
1…
Business planning
coordination/frontline care delivery
The supply of PPE
Contingency planning
Expectations of family members
Cash flow
Income levels
Fluctuating demand
Quality of information / communication
Recruitment of staff
Retention of staff
Staffing resources
Supporting staff