

8 January 2018

Agenda Item: 7

## **REPORT OF THE SERVICE DIRECTOR, STRATEGIC COMMISSIONING, ACCESS AND SAFEGUARDING**

### **OLDER ADULTS CARE HOMES: REVIEW OF THE FAIR PRICE FOR CARE FRAMEWORK**

#### **Purpose of the Report**

1. To seek approval to commence the review of the current local 'Fair Price for Care' framework and associated fee levels for older adults care homes in Nottinghamshire. This will include a review of the current Quality Audit Framework.
2. To seek approval for funding of up to £50,000 to support this work through the engagement of external consultants.

#### **Information and Advice**

##### **Strategic context**

3. The Care Act 2014 places statutory duties on councils to ensure there are sufficient care and support services in the local market to meet the needs of all people in the area who require care and support.
4. The Care Act also places a duty on councils to ensure provider sustainability and viability and, through wider market shaping duties, to ensure contracting arrangements and fees paid to providers are sufficient to enable them to meet their employer duties and responsibilities and provide the agreed quality of care.

##### **Local context**

5. Nottinghamshire has the highest number of residential services that are inspected/rated by the Care Quality Commission (CQC) in the East Midlands. The Council has a contract with 172 older adults care homes in Nottinghamshire covering both residential and nursing care.
6. In 2008/09 the Council introduced a local Fair Price for Care framework to recognise and reflect increasing costs faced by care home providers and provide incentives for continuous improvement in the quality of services. Work to develop this framework was undertaken with input from the Nottinghamshire Care Association (NCA) and external consultants (Pinders).

7. The framework introduced a phased fee structure, through which higher fees are paid for high quality care provision, as evidenced through an annual quality audit of each older adults care home. The phased fee structure comprises five bands with different fee rates at each banding point for residential care, nursing care and the Council's Dementia Quality Mark (DQM); 20 price points in total. 2017/18 rates per week are set out below:

<b>Care home banding</b>	<b>Residential care</b>	<b>Residential Care Including DQM Payment</b>	<b>Nursing care</b>	<b>Nursing Care including DQM Payment</b>
Band 1	£441	£453	£479	£489
Band 2	£489	£539	£549	£591
Band 3	£519	£567	£578	£621
Band 4	£532	£579	£589	£633
Band 5	£548	£596	£606	£649

8. Annual quality audits are undertaken by a team of Quality Monitoring Officers, supported by a locally developed Quality Audit Framework (QAF) tool. The QAF accounts for 70% of the overall rating for each care home, with the remaining 30% determined by the home's accommodation and environment standards. It is useful to note that for homes that may have previously been family houses and not purpose built, this can limit their ability to achieve the highest bandings.
9. A comprehensive review of the local Fair Price for Care framework was last undertaken in 2012, again with input from the NCA and supported by an external consultancy (KPMG). Revised fee levels were implemented as a result of this work and the banding system linked to annual audit has remained in place.
10. The quality of care homes in Nottinghamshire has improved over the years, as measured through the banding system, with more homes achieving the higher bands year on year. In 2017 there are currently 64 homes in band 5 compared to 2 in 2008 when the system commenced. It is useful to note that some homes that are in the lower bandings are the preferred choice for some residents and their families.
11. Alongside an increase in the number of higher banded care homes, the number that are rated 'good' or 'outstanding' by the CQC is also continuing to rise, with five older adults care homes in Nottinghamshire currently rated as 'outstanding'.
12. Following the Fair Price for Care work in 2008/09 and 2012 and in 2016, in response to care home providers' concerns over the increasing cost of providing care, the Council commissioned an independent review of costs associated with running band 4 and 5 older adults care homes. This review was undertaken by an external consultancy (Libre Advisory) on the same basis as the full Fair Price for Care review in 2012, through an information gathering questionnaire, seeking a breakdown of costs.
13. This exercise was inconclusive in ascertaining actual costs of the service provided by band 4 and 5 homes, with the final report from the Libre review team concluding it was difficult to provide any detailed analysis of the data due to a low return rate, exacerbated by the fact that some sections of the questionnaire were not completed in many returned questionnaires. The report also suggested the Council may wish to engage in further

dialogue with older adults care home providers in relation to their costs and to consider different frameworks which enable better comparison of costs between small care homes against those of larger care homes. As a result, further discussions have taken place with the NCA with a view to undertaking a further full review of the local Fair Price for Care framework, led by the Council's Quality and Market Management team.

## Proposals

14. Through these discussions, two key tasks have been identified:
  - 1) To generate a full, transparent and up to date view of the costs incurred in the delivery of residential care services in Nottinghamshire to help inform future fee levels
  - 2) To review the existing Quality Audit framework linking care home fees and the quality of care provision, including consideration of bandings, differential payments for residential and nursing care and the current dementia premium.
15. In line with previous Fair Price for Care exercises, it is proposed that task 1 is carried out independently through the use of external consultants. This has advantages in that it will support a position of transparency, objectivity and credibility. The NCA has indicated it will share the cost and assist with the selection of an external consultant as part of a partnership approach. As part of the partnership approach, task 2 can be undertaken collaboratively by officers and representatives of the NCA in parallel with task 1. A working group has been established to have oversight of the whole exercise which currently comprises representatives from the County Council and the NCA.
16. Alongside the Working Group, other work is also being undertaken to support the Fair Price for Care review exercise:
  - a sub group of the established (countywide) Care Home Provider Forum has met to look at how existing audit processes could be improved from a provider perspective
  - work is also underway to establish care home 'Experts by Experience' and look at how this might link into the already established engagement structure for homecare services. Through the existing Care Home Provider Forum residents from care homes have already started to attend the group and it is hoped that they may continue to be engaged and support the review work. The CQC is also invited to the Forum and will be consulted with as a part of this review.
17. An outline of proposed timescales and key milestones for the overall review exercise is set out below for information:

Task	Completed by
Governance and oversight arrangements established	Sept 2017
External cost modelling work scoped and agreed	Dec 2017
Agreement/approval for appointment of external consultants	Jan 2018
Consultants appointed through existing framework/agreement	March 2018
Cost modelling work completed (work stream 1)	July 2018

Review of audit framework completed (work stream 2)	July 2018
Initial recommendations/proposals	July 2018
Engagement/review and finalise proposals	Aug - Oct 2018
Report to Committee	Dec 2018
Implementation of new arrangements	April 2019

## Other Options Considered

18. The option of carrying out the entire Fair Price for Care review exercise internally has been considered but rejected on the basis that a level of objectivity is required in order to provide a full, transparent and up to date view of the costs incurred in the delivery of residential care services in Nottinghamshire. This is best achieved by having the task undertaken externally by a suitably experienced and qualified consultancy. In addition, the volume of additional work required would prove difficult to manage within existing staffing resources within the Quality and Market Management team who are leading the review exercise.
19. The option of having the entire review exercise carried out by external consultants has also been considered but rejected as it is felt there are sufficient skills and resources available within the Quality and Market Management team to undertake this work, in partnership with the NCA, and that this would be a more cost effective option.

## Reason/s for Recommendation/s

20. The Council has a statutory duty to have in place a range of care and support services for people who require care and support. This duty extends to ensuring there is a viable and sustainable market of social care providers who are able to deliver the required services and that contracting arrangements and fees paid to providers are sufficient to enable them to meet their employer duties and responsibilities and provide the agreed quality of care.

## Statutory and Policy Implications

21. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below.

## Financial Implications

22. Based on the cost of previous exercises, it is anticipated that funding of up to £50,000 will be required, which will be the Council's contribution to support this work through the engagement of external consultants to undertake the task. This cost would be met through departmental budgets. The total cost could be up to £100,000 and is to be split evenly with the NCA.

## Implications for Service Users

23. The Council has a statutory duty to ensure there is sufficient provision of a diverse range of services to meet people's social care and support needs and that the services are

sustainable. A robust framework for care home fees will help ensure there are sufficient and viable services within the local social care market to meet current and future needs.

## **RECOMMENDATION/S**

That the Committee:

- 1) approves the commencement of the local 'Fair Price for Care' framework and associated fee levels for older adults care homes in Nottinghamshire which will include a review of the Quality Audit Framework.
- 2) approves the funding of up to £50,000 to support this work through the engagement of external consultants.

**Paul Johnson**

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**For any enquiries about this report please contact:**

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### **Constitutional Comments (LM 14/12/17)**

24. The Adult Social Care and Public Health Committee is the appropriate body to consider the contents of the report.

### **Financial Comments (OC 14/12/17)**

25. The financial implications are contained within paragraph 22 of the report.

### **Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

Fair Price for Care – Older Persons' Care Home Fees – report to Policy Committee on 13 February 2013

Libre Advisory – Review of Older Adults' Care Home Fee Levels for Nottinghamshire County Council, December 2016

### **Electoral Division(s) and Member(s) Affected**

All.

ASCPH517