

Decision Pathway – Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 03 September 2019

TITLE	Proposed Pricing Strategy for Residential and Nursing Care for Adults with Long Term Impairments.		
Ward(s)	All wards		
Authors Carol Watson & Lucia Dorrington	Job titles: Head of Commissioning, Adult Social Care & Strategic Commissioning Manager, Adult Social Care		
Cabinet lead: Cllr Helen Holland	Executive Director lead: Jacqui Jensen		
Proposal origin: BCC Staff			
Decision maker: Cabinet Member Decision forum: Cabinet			
Timescales: Following Cabinet approval on 3 rd September 2019 the timescales are to implement proposed guide prices for new residential and nursing care placements and for packages that are reviewed under the Care Act as soon as possible.			
Purpose of Report: To seek approval from Cabinet to apply new proposed guide prices for all new Bristol City Council placements for residential and nursing care for adults with long term conditions and to apply these guide prices to reviewed existing placements. To delegate the necessary authority to the Director – Adult Social Care to implement the necessary changes and to work with providers, partners and practitioners to deliver these changes safely and sustainably.			
Evidence Base:			
<p>The Better Lives Programme in Adult Social Care aims to improve outcomes for all people with care and support needs and to enable as many people as possible to live as independently. One of its aims is to reduce the numbers of people living in residential care, while recognising that for some people, this is the best provision at some points in their lives.</p> <p>The Programme also needs to stabilise spend on adult social care. BCC needs to have transparency and consistency of pricing of residential care placements for people with long term impairments, such as physical disabilities, sensory impairments, learning disabilities, autistic spectrum conditions and mental ill-health. One way of doing this is to apply guide prices for brokers, commissioners and social workers to use when negotiating placement costs with providers of this care.</p> <p>Currently providers offer to take placements at a price they determine. Using this system, Bristol City Council pays higher rates for this care than other like authorities and there is inconsistency in what BCC pays for comparable packages of care. The proposed change enables BCC to use guide prices it has established to negotiate placement costs with providers.</p> <p>In order to arrive at proposed guide prices, there has been open book cost of care work with key providers of this care; analysis of current prices paid by BCC, as well as national benchmarking to assess a guide price proposal for the provision of this care. This means that the proposed guide prices have been developed working alongside current providers to understand cost bases and care models. In July 2019 proposed guide prices and associated assumptions were issued to providers for consultation. There has been a good level of engagement in the consultation and</p>			

feedback has informed final proposed guide prices.

The needs being met through residential care for people with long term impairments are more varied than in older people where frailty is often the primary need/ issue presenting. This is why guide prices and not fixed rates for care are proposed.

This approach will also apply to people age 65 and over in residential and nursing care whose primary need relates to their long term impairment (e.g. learning difficulties) rather than the impact of ageing and associated issues.

Alongside this pricing work, BCC has conducted a review of social work practice in relation to these placements. This review has covered issues such as support planning and permanency of placements and there is now new guidance in place for social workers and practitioners around practice, risk management and quality assurance.

Together the practice and pricing work should make a difference to the amount of placements made in residential and nursing care and the price BCC pays for these new and reviewed placements.

Crucially there is the drive to maximise people's independence and ensure that there are alternatives to residential and nursing care e.g. supported living and other forms of care. Growing these alternatives is another key priority for the Better Lives Programme.

Cabinet Member / Officer Recommendations:

That Cabinet:

- a) Approves changing the pricing strategy for residential and nursing placements for people with long term impairments from providers submitting their price for placements to the use of a Bristol City Council guide price as a basis of negotiation, as set out in the report and appendices.
- b) Approves a revised interim specification for residential and nursing care for people with long term impairments, as set out in appendix A3.
- c) Authorises the Director – Adult Social Care to take all steps necessary to make the changes as set out in recommendations a) and b).

Corporate Strategy alignment: Empowering and Caring, Wellbeing

City Benefits: Greater equity and transparency of local authority payments for residential and nursing placements for people with long term impairments; improved budget management; simpler process for brokering placements from providers that have passed the quality check to be on the Residential and Nursing Framework ; no expected adverse impact on the quality of care provided to service users. See Appendix A5 Equalities Impact Assessment (EQIA).

For some providers, this will be a change in rates received for new placements. Rates will need to be negotiated using the new guide prices and associated costing tool but this brings transparency of what is being purchased by BCC to meet someone's care needs.

The proposal is that the prices are guide prices for brokers, commissioners and social workers to work with and not fixed prices. This is to recognise that individual care needs and packages of care vary.

Consultation Details: There was consultation with providers on proposed new guide prices, and the rationale, assumptions and methodology for setting these proposed prices. There was also consultation on the revised

specification and a survey with questions on longer-term transformation and provider experience of social work practice.

This consultation ran from Tuesday July 9th 2019 to Monday August 19th 2019. There were face to face meetings in the consultation period for providers to come to talk with BCC officers about proposed changes. Providers have utilised these slots and come to discuss the detail of proposed changes. The consultation ran for 6 weeks from Tuesday July 9th 2019 to Monday August 19th 2019.

There were a total of 18 responses to the consultation:

- 7 responses to the on-line survey
- 10 consultation meetings took place in this 6 weeks period (in addition to the 15+ meetings conducted between Spring – Summer 2019 to do open book cost work with key providers to build assumptions and proposed guide prices)
- 1 written response

Key issues raised by providers in the consultation included:

In relation to the revised specification

- Shared/ core care costs vary greatly according to the service type and the needs
- BCC must make a note of the providers who have expensive prices upfront but who can evidence price reduction over time as packages taper down
- Person centred care cannot always happen without some 1:1 provision for access to the community, for example and other activities essential to wellbeing and meeting outcomes
- Specification needs to be a bit more tailored toward recognising the step down approach and time to adjust from institutional care before move on
- Age – supporting younger adults to develop the necessary skills to increase independence and to transition to less supported models of care. A higher incidence of early onset dementia for people with learning disabilities and health inequalities might also mean that people need an enhanced package of care at a younger age

In relation to the Guide Price Costing Methodology Report

- Some providers have costs for specialist environmental requirements / high risk / complex conditions / therapy services
- For person centred care to exist in smaller homes, a higher staffing ratio is required – need for flexibility on staffing ratios
- Person centred care cannot happen without some 1:1 provision including access to the community, activities essential to wellbeing and meeting outcomes
- Need to consider a lower occupancy rate than 95%
- 7% return (profit margin) is low for the risks involved
- Additional cost of providing nursing staff needs to be considered
- Need to provide a finer breakdown of what falls into different BCC guide price cost categories.

BCC's response to this feedback has been:

- An increase on the base guide price for smaller homes of £117.18 per week on the original proposed guide prices, allowing that there are lower economies of scale in a smaller homes
- Further reinforcement that these are proposed guide prices that represent a starting point for negotiation: they are not set rates as in the Bristol Older People's rate and need to be use by brokers and commissioners on an individual provider level and case by case basis to have transparent negotiations on package price
- There will be a cost template as a basis for these discussions/ negotiations where providers are asking for

fees higher than the BCC guide prices: this enables providers to transparently set out where they feel rates should be higher

- In terms of occupancy rate, the assumption and figure takes the same occupancy as that for older people’s residential and nursing care and Bristol Rate calculations. Where providers can demonstrate they have a lower occupancy than 95% and that this relates to a strategic driver which BCC supports e.g. providers working to a recovery / outcomes progression model (enabling people to move on into supported living out of residential care, thereby creating lower occupancy in a care home) BCC will take that into account.

See Appendix A1 for the letter sent to providers from Terry Dafter, Director of Adult Social Care about these proposed changes.

See Appendix A2 for the final methodology report setting out the rationale and methodology for calculating the proposed guide prices.

See Appendix A3 for a revised interim specification for this type of care linked to the new proposed guide prices.

See Appendix A4 for provider feedback to the proposed guide prices, assumptions underpinning these prices, the revised interim specification and future transformation.

See Appendix A5 for an Equalities Impact Assessment (EQIA) on proposed changes.

Revenue Cost	£	Source of Revenue Funding	<i>Insert specific service budget</i>
Capital Cost	£	Source of Capital Funding	<i>e.g. grant/ prudential borrowing etc.</i>
One off cost <input type="checkbox"/>	Ongoing cost <input type="checkbox"/>	Saving Proposal <input checked="" type="checkbox"/>	Income generation proposal <input type="checkbox"/>

Required information to be completed by Financial/Legal/ICT/ HR partners:

Finance Advice: Currently Adult Social Care is forecast to spend c£35m on care home placements for adults with long term impairments. The cost of commissioning these placements for service users has almost entirely been at the market rates with no reference to what BCC believes to be a realistic price for the care. Comparison with benchmark national costs suggests that BCC pays considerably more on average than other councils. In addition, the cost of placements for service users with similar needs vary considerably. In terms of pricing of placements, the price combines shared costs (shared care and hotel costs) and any 1:1 support for the service user. There has been no consistent strategic use of 1:1’s to meet service user needs and has become in many cases a permanent part of the package of care irrespective of whether the 1:1’s are needed on a long term basis.

This report sets out the costed methodology that sets a guide price that reflects both complexity of service user needs and size of home, as well as an hourly rate for 1:1’s and what they should be used for.

The guide prices are a starting point in any negotiation of agreeing the cost of a placement, where the placement has to reflect the needs of the service user. Use of any 1:1’s will always be temporary and subject to review as the service user needs change. As most service users will need support for a number of years, in many cases, for decades these price controls will be cost avoidance rather than savings on the existing cost base.

Ongoing reviews of packages of care may result in the reduction or removal of 1:1’s but these are difficult to quantify but will form part of the tracking of the benefits of implementing the pricing controls.

The cost avoidance as a result of the implementation of the guide prices and control of the use of 1:1’s will accrue at a slow rate as the proposal will apply to new placements, where the rate of new placements is on average 5/6 per month. It would seem not unreasonable to expect a 10% reduction in future placement costs which at current placement rates would deliver cost reductions of c£800k per annum. Future care home costs will be affected by the shift away from care home provision to supported living which will deliver further savings. This piece of work is part of the Better Lives at Home project which is dependent on increasing the provision of accommodation in Bristol alongside adequate provider capacity.

Finance Business Partner: Neil Sinclair, August 21st 2019

2. Legal Advice: The Care Act imposes a duty on the Council to promote the efficient and effective operation of a market in services for meeting care and support needs. Decision makers need to be satisfied that the fee levels for care and support services calculated following the fair cost of care exercise, benchmarking and consultation do reflect a fair cost of care, are appropriate to provide the delivery of agreed care packages with agreed quality of care and are sustainable for providers in the long-term.

When individual placements are considered, the Council must be satisfied that the rates offered will be sufficient to meet that person's specific care and support needs.

The Care Act provides for service users to be able to choose their preferred accommodation as long as it can be funded through their personal budget as assessed by the Council. The choice must not be limited to those providers with which the local authority already contracts or those that are within that local authority's geographical boundary. Consultation has taken place in relation to the decision to be taken. The responses to the consultation must be taken into account by Cabinet when taking the decision. Cabinet should also be satisfied that proper consultation has taken place in that (i) proposals were consulted on are at a formative stage (ii) sufficient reasons have been given for the proposals and (iii) adequate time has been allowed for consideration and response.

Appendix B of this report clearly sets out the process that was undertaken and how responses have been taken in to consideration by officers when developing their proposals for final decision.

The decision maker must also comply with the Public Sector Equality duty to consider the need to promote equality for persons with "protected characteristics": age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation and have due regard to the need to:

- i) eliminate discrimination, harassment, and victimisation
- ii) advance equality of opportunity
- iii) foster good relations between persons who share a relevant protected characteristic and those who do not share it.

In order to do this, Cabinet will need to have sufficient information about the effects of the proposed changes on the aims of the Equality Duty. The Equalities impact assessment is designed to assist with compliance with this duty and so the decision maker must take in to consideration the assessment in taking the decision.

It is arguable whether the changes to the existing framework are material - if the change is material certain steps must be followed under the Public Contracts Regulations 2015 (including a new procurement process). However, even if the changes are material, the risk of challenge is low as the framework will remain open to new providers who can apply to join at any time and the market supply for social care is often low compared with demand.

Legal Team Leader: Sarah Sharland and Sinead Willis, Solicitors, Legal Services, August 2019

3. Implications on ICT: There are no identifiable IT implications in this initiative.

ICT Team Leader: Ian Gale, July 2019

4. HR Advice: The proposal is seeking to implement a new pricing strategy in consultation with current providers. This will not have any HR implications for Bristol City Council employees.

HR Partner: Lorna Laing, July 2019

EDM Sign-off	Jacqui Jensen	July 17 th 2019
Cabinet Member sign-off	Helen Holland	July 22 nd 2019
For Key Decisions - Mayor's Office sign-off		August 5 th 2019

Appendix A – Further essential background / detail on the proposal	YES
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<p>See Appendix A1 for the letter sent to providers from Terry Dafter, Director of Adult Social Care about these proposed changes.</p> <p>See Appendix A2 for the final methodology report setting out the rationale and methodology for calculating the proposed guide prices.</p> <p>See Appendix A3 for a revised interim specification for this type of care linked to the new proposed guide prices.</p> <p>See Appendix A4 for provider feedback to the proposed guide prices, assumptions underpinning these prices, the revised interim specification and future transformation.</p> <p>See Appendix A5 for an Equalities Impact Assessment (EQIA) on proposed changes.</p>	
Appendix B – Details of consultation carried out - internal and external	NO
Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment	NO
Appendix E – Equalities screening / impact assessment of proposal	NO
Appendix F – Eco-impact screening/ impact assessment of proposal	NO
Appendix G – Financial Advice	NO
Appendix H – Legal Advice	NO
Appendix I – Combined Background papers	No
Appendix J – Exempt Information	NO
Appendix K – HR advice	NO
Appendix L – ICT	NO