

Appendix B

Provider Responses to the Consultations

Care Home Provider Responses

15th March 2022

Dear Ms Butcher,

RE: Sefton Council Annual Consultation on Care Home Fees

I am writing to provide feedback as requested in your 28 February 2022 communication.

Although it appears that the proposed rate increase of 6.61% is significantly higher than increases in previous years, it must be borne in mind that Sefton rates and increases have been low when national comparisons are made. It is appreciated that Sefton are attempting to close the gap but this does not address the huge increase in running costs prevailing now in care provision.

We do not believe that the proposed fees for 2022/2023 will adequately cover the cost of meeting assessed care needs for the following reasons:

Staffing Costs

- It is widely recognised that social care staff are inadequately remunerated for the work that they perform. In light of this and in order to retain current staff we applied a large increase to staff wages in December – all our staff received between 8% and 10% wage increases.
- NI is to increase from April 2022 by a further 1.25%.
- We are experiencing high levels of staff sickness and moderate turnover and are struggling to recruit experienced carers. Recruitment and induction costs have increased significantly as we try to make vacancies more attractive.
- Agency costs are currently running at unprecedented levels to provide cover for staff vacancies and sickness (Covid related) which is over and above the staff wage cost.

Other costs

- Energy costs have more than doubled and are set to increase further
- It is recognised nationally that living costs have risen sharply and businesses are likewise impacted by such dramatic price rises.
- Our insurance costs over 2 years have increased by 40% and will undoubtedly increase further at renewal in July of this year.

Covid costs

- Whilst the COVID pandemic would appear to be drawing to an end across the country as far as the day-to-day life of the general UK population is concerned, that is not the case in the care home sector. Operational impacts with increased running cost implications are still being felt and will no doubt continue for the foreseeable future.

Whilst your breakdown does account for both staffing and other costs, we believe that the increased rates applied fall far short of the actual price increases that we are seeing now. A single figure percentage increase will undoubtedly fall far short of enabling our business to adequately cover the costs of providing the level of care required.

We concur with the points raised by our colleagues at the Consultation webinar on the 8th March and are in full agreement with all of the rationale expressed in support of a greater increase which you have agreed to present to the Board. In particular, receiving the increase in July 2022 will present us with grave cash flow concerns between April and the monies actually being received.

We thank Sefton Council for their support and for hearing our concerns but we also recognise that to continue to provide high level quality care for the elderly and to continue to provide this service for Sefton Council, we have a duty to be candid and open and therefore we need to emphasise that if the current fee increases proposed by Sefton Council are not further increased, this will have a detrimental impact on our business.

Yours sincerely,



Thank you for your time at the meeting yesterday. I would just like to send you a few points for consideration please although some were discussed at the time.

The current calculation for uplifts does not take into account the rate of increase for insurance and utilities - CPI at c5% doesn't cover the 200%+ increase we have seen in insurance and the likely 100% increase in utilities. Food costs have also significantly risen with our last contract prices being increased by 7%.

The CPI increase is historic and not prospective. This means the calculation is always behind. I understand that something has to be used as a guide and it would be difficult to guess the future inflation. However it does not match with the wage increase being a prospective calculation.

The timing of the implementation of the new fees causes additional admin because all the contributions are amended when the pension increases go through which means we have to go through every resident and adjust their billing for this change. Then when the gross rates change we have to repeat the same exercise. Not only is this time consuming but it is confusing for those receiving the bills, particularly when they are elderly.

The other issue the timing causes is that it restricts cash flow - our wages and other costs have already increased and been paid for before we receive any uplifted remuneration from Sefton which increases our financial risk.

The frequent contribution changes throughout the year are also extremely time consuming and essentially a non-value adding activity to our home. When fees are adjusted, there is likely several months worth of invoices already raised needing to be issued at the new rate. This potentially means that the resident is required to pay

a backlog of fees. A lot of people don't necessarily realise this and have not kept the funds aside to be able to do this. We also experience difficulty with those residents who have been discharged during the period as they may have already finalised the estate value and not have the funds available.

Attached is an example of funding contributions changing frequently for just one resident and the communication from Sefton being that we are expected to keep raising invoices but not receive any payment for several months. If this were the case for more residents in the home we would soon run out of cash.

I understand that the issues I have mentioned are not easily solved and that there are reasons as to why it has to work like this. However I would like to make some suggestions as to how Sefton could assist the homes without necessarily inflating the care fees.

- Pay fees as gross - this will relieve a huge administrative burden and de-risk our operations. Ideally 'gross' includes top-up collection as this should always be in place and agreed at admission. I believe it would also reduce a lot of the queries Sefton receives from both homes and families as all communication is coming from one source and there are no timing delays.

- Assisting in some way with procurement. By negotiating contracts for the majority of homes in Sefton we should be able to secure some bulk discounts - similar to how the interactive tables were offered. Ideally being able to link with NHS contracts as part of the wider health & social care team. However just facilitating one-off larger purchases is great.

- Insurance - the underwriting market is shrinking for care home insurance so the few options available have now increased significantly in price. If Sefton could look into different options for the homes or maybe create a signposting document to share best practice around reducing insurance risk? If we can demonstrate to insurers that the local authority plays an active part in reducing risk and ensuring we have the required documentation, this is likely to reduce premiums.

- Partner with local companies/entertainers to create a council-led enrichment programme for all the residents. As our surplus margins are being squeezed and there are staff shortages, the first thing which suffers is usually the activities and 'add-ons' at the home (basic care needs have to come first). Having a council-led programme will enhance the services in Sefton. It could potentially come out of a separate budget if thought of as a community scheme rather than a social care scheme?

The points above are no way intended to be negative towards the council, just a factual representation of what we are encountering. We do feel Sefton are a very supportive council and the facilitation you provide through engagement meetings is very helpful.



Dear Sirs

Over the past 24 months we have seen unprecedented increases in our costs, and I am now writing to you concerning the proposed increases in fees for our financial year from 1 April 2022.

As you are well aware the [REDACTED] is a charity, and during the majority of the last few years, the income from fees for the residents at [REDACTED] Road has not covered the expenditure, thus, the charity has made up the shortfall. The level of support has increased substantially during the current financial year (April 2021 - March 2022) and is not sustainable in the longer term. With the care being 24/7 and the added restrictions of the pandemic, our staff costs, which, in 2019-20, accounted for 76% of our running costs are calculated to be 80% in 2022-23. The need to pay staff a wage that is seen to be acceptable, in order to retain and recruit staff, has become a top priority for Care Homes if they wish to continue.

This year has also seen an increase in Insurance costs from £1,862 to £11,855, this alone adds £16.50 per bed per week, and, additionally, CPI inflation to January 2022 has been 5%

As we have a long term contract for the supply of gas and electricity until March 2023, we have seen no increase in those costs to date (they represented 3.5% of our costs in 2020-21).

Our Care home has 12 beds, one of which is set aside for respite care and uptake on that bed has been around 30% over the past year, the low level of occupancy being mainly due to the pandemic and we would normally expect it to be nearer 60% occupancy.

Taking the number of beds as 11.6 our break-even bed revenue, required, per week for the year from 1 April 2022 will be £1,022 (£146 per day) and we would normally be looking for this as a minimum payment from Monday 4 April 2022, however, we understand that this time scale is very short, and so, will be implementing the increase from Monday 6 June 2022. The figure of £1,022 allows for no profit for [REDACTED]

Finally I would wish to say that we would like a better relationship, in future, with the Councils and CCGs who pay the fees. During this very difficult past 12 months, we have had operations who have totally ignored our request for an increase last March, those who have not implemented the increase until up to 8 months into the year (albeit backdated), one operative who stopped paying for 6 months and another who decided to pay quarterly, in arrears instead of monthly, all of which had a significant effect on our ability to continue care and meet our commitments.

I hope that you are able to give this matter your urgent attention and that, as we move forward, we can count on a better dialogue.

[REDACTED]

In response to your resent email , no the level of proposed fees set out does not in my opinion , cover the cost of meeting assessed care needs within an efficient residential/nursing home for the period from 1st April 2022 to 31st March 2023.

If you were to look at the Lang and Buisson report submitted several years ago by the Sefton association , you will

see how far out you are on your calculations even now ;

These are the areas I feel need to be factored in or factored in better

1)The major factors effecting care homes are staffing costs , and I would say they were higher than that suggested . I believe they are higher than that nationally . You also have to remember that we are failing to attract staff at these rates , the rates

paid are generally minimum wage or quite near or near to for care staff as that's all we can afford to pay , homes are short staffed so these figures you have may be artificially low , we should at least be on an equal footing to healthcare rates . Are we not meant to be " integrating " this would really help having a level playing field ? My point is here that these figures you have are inadequate and unsustainably low .

2) The calculation on "efficient" care homes , again the national figures on average occupancy I believe to be quite affected by covid , I would like to know what they are in Sefton . It may take time to build back up the numbers, it could be 12 months , obviously there are other factors in play , but confidence in the market needs building while this happens both by funded and private payers whom it is quite commonly accepted subsidise council placements , some homes will be making no profits and or losses and buildings and standards will decline if funding is also inadequate . If nobody is running at 93 percent occupancy this surely should be recalculated into the fee rate .

3) I don't think the energy and insurance bills have been factored in sufficiently EVEN BEFORE the events triggered by Russia - sensible energy costs and food costs have to be factored . This is a huge amount on our overheads .

I would say roughly

At a minimum your calculations are out by around a minimum of £43 , I realise Your stuck between a rock and a hard place . You don't have the money to fund it properly and we must try and get every pound we can , it's quite humiliating for us and I would like to think you understand the market deserves and needs the funding that is commonly sought ,and not what is offered .

I feel the fee review is outdated given what's going on globally and needs to be urgently reviewed to reflect more accurate costs to sustain good care services that our residents of Sefton need and deserve .

Re: Uplift for Residential Care services provided by [REDACTED] entities – 1st April 2022

[REDACTED] is committed to the ongoing provision of high quality, sustainable services to the residents of the Merseyside region. We wrote to you in January 2022 setting out how we require an increase in fees of 7.1%.

Since then, as you will be aware, there has been a very sudden and substantial increase in energy costs. As you will appreciate, ensuring that the people we support in Registered care Homes are warm, and have access to hot water at all times, is an essential element in the service we provide. All gas and electric costs in registered care homes are met from the total weekly fees, in this case paid by your LA.

To meet these additional costs, we are writing to inform you that we need an extra £50 per person per week, for the financial year from 1st April 2022 until 31st March 2023.

We are separating this sum out from other inflationary costs, and we hope very much that this will be a one-off. We are working hard to reduce additional cost to a minimum, and if energy costs go up by less than £50 per week per person, we will reimburse you accordingly.

We genuinely value the relationship we have with Sefton Metropolitan Borough Council and we know our services are efficient and represent excellent value for money. Our teams have worked hard during the COVID-19 pandemic to keep the people we support safe and well.

These additional costs are beyond our control. We will seek savings where we can, but we need your support to ensure we can continue to deliver services.

As mentioned in our previous letter, we are undertaking a comprehensive commercial review of all our Registered Care Home services to ensure that all our homes are financially viable and sustainable in the long term. We are now having to factor in energy costs into this commercial review.

If you wish to discuss these matters, may I suggest that a telephone/video call be agreed as a matter of urgency.

I look forward to hearing from you.

Yours sincerely

Supported Living Provider Responses

Dear Commissioners

Further to discussions with you around the proposed fee uplift I am writing on behalf of [REDACTED] to request that this uplift is made available to us with immediate effect. This request is made in light of the fact that we need to comply with the new National Minimum Wage from the beginning of April and so to only receive the uplift in July would have a not insignificant impact on the charity's cashflow, which we obviously wish to avoid for reasons of sustainability moving forward. It will also enable us to provide more accurate, and real time information, to our board of trustees. Please contact me if you have any questions with regard to this email.

Thanks for the opportunity to comment on the proposed Sefton Supported Living Rates for 2022/23.

The key question which must be answered by both providers and yourselves as commissioners is 'Does £16.72 allow us to recruit and retain enough staff of the calibre required to provide good support and care to those assessed as needing it in Sefton?'

The answer, which I think we would agree on, is 'NO'. Vacancies in social care are at record highs - this is reported in and from many sources including the Care Quality Commission, ADASS, the King's Fund and Skills for Care. The Sefton model assumes, despite being a Labour controlled council, providers pay the legal minimum to staff, and that in doing that we will attract high calibre, committed and skilled staff? In a critically difficult labour market that will not allow us to recruit and keep the calibre of staff we need. It means we will recruit poorer staff than we want, and that the quality of support will be compromised, or we will go cap in hands to charitable trusts to ask them to fund the quality of support the local authority won't.

[REDACTED] is a not for profit organisation. We pay staff £10.00 per hour because we need to do so to have enough staff of the calibre we believe the people we support should be entitled to. So we fund-raise and use our reserves to pay for that when our commissioners won't. We believe the hourly rate needs to be a minimum of £17.36 per hour to provide sustainable support.

In answer to your first question 'whether the level of proposed fees set out in the proposals and tables ... will cover the cost of delivering Supported Living services – our response is an absolute and unequivocal NO. And I hope you think our answer would be NO. If, as I hear suggestion of, support was taken in house my best guess would be that costs would increase by a minimum of £3 per hour if there was a genuine comparison of 'like for like'. In house provision is always more expensive than the not for profit sector, and usually of poorer quality.

In response to the second question please find attached our model for the rate needed. We can provide evidence of these figures if so required.

We recognise the enormous pressures local authorities are under. But if you simply answer the question 'How do we balance our budget?' then you end up with poor support provided cheaply. If you answer the question 'What do we need to pay to ensure good but 'value for

money' support for people in Sefton then the rate needs to move up significantly from where it is.

We are rated as an 'Outstanding' provider by the Care Quality Commission and want everyone we support in Sefton to receive 'Outstanding' support.

Sefton BC Standard Rates / Costs	2022 - 23		
Expenditure			
Total Hours per week	300		
<u>Team Leader</u>			
Direct Support Hours	25		
Indirect Support Hours	15		
TL Hourly Rate	11.76		
Salary	24,527		
Pension	736		
Employers NI	2,391		
	27,654		
<u>Support Worker</u>			
SW Rate	10.00		
Hours	275		
Salary	143,385		
Pension	4579		
Employers NI	17,172		
	165,137		
No of Sleep-ins	0		
Sleep-in Cost	0		
Basic Salary Cost	192,790		

On Costs				
Holidays	12.64 %	21,230		
Sickness	2.68%	4,503		
Training Time	2.30%	3,860		
Team Meetings and Spvn	1.88%	3,148		
	19.50 %	32,742		
Agency Costs		2,968		
On Call		1,928		
Total Salary Costs		230,429		
Expenses				
Training courses		4,032		
Telephones/Mobiles		450		
Mileage		450		
Office Costs		0		
		4,932		
Total Direct Cost		235,361		
Management Charge		28,243		
Re-development Fund		7,908		
Total Cost		271,512		
Hourly Rate		£17.36		
Key Stats				
Weeks in Year	52.14			£
Team Leader Hourly Rate		£11.76	300 hr TL	24,527
Support Worker		£10.00		20,856
Pension TLs	3.00%			
Pension SWs	2.60%			
National Insurance	9.75%	includes an additional 1.25%		
Holidays (incl Time and a Half Days)	12.64 %	Assume 20 holidays plus 9		

		bank holidays days at time and a half (standard year)		
Working Days in Year	261			
Sickness (days)	2.68%	7	working days per year	
Training Time	2.30%	8.0	days per year of 6 hrs	
Team meetings/supervision	1.88%	0.75	hours per week, 3 hours per month	
Support Worker Full-time Hrs	40			
Sleep-in Rate				
On Call	1.00%	of Basic Salary Costs (assume inc. NI/Pension on-costs)		
Staff Expense	£0.00	per outreach hour		
Expenses for person supported	£0	per week		
Management Charge	12.00 %			
Training courses	1.75%			
Phones	450	£150 per team		
Mileage	450	£150 per team		
Agency	1.50%	of staff costs		

