

Appendix C

Question & Answer Documents

Residential & Nursing

No.	Question and Answer
1.	<p>Q. The insurance premiums have risen significantly over the CPI rate. Has this been factored in and can you please show us the calculations that are over the CPI rate?</p> <p>A. The fee increases are based on a 70/30 split, with the 30% 'other costs' element being subject to a 5.5% uplift based on the February 2022 CPI Rate.</p> <p>As part of the consultation Providers are encouraged to provide any supporting information on cost pressures, such as that of increased insurance premiums</p>
2.	<p>Q. Does the Council understand that increased costs are a big issue for providers?</p> <p>A. Yes, we do understand and appreciate the issue of increased costs for providers, however, the Council has a limited available budget, so when considering market costs, it is within the context of what is affordable. We appreciate that this is challenging and that it is both a local and national issue. Sefton, along with other Councils in similar positions have lobbied to ADASS, who in turn are sharing concerns with Central Government.</p> <p>Providers can reflect these issues in their consultation responses in relation to the current proposals and we will reflect your feedback in the Cabinet report. Please send evidence to us at commissioningandcontracts@sefton.gov.uk</p> <p>The Council has allocated funds from national grants (such as the Workforce Recruitment and Retention Fund) to Providers, but we are conscious that these are time limited, so we are also looking at wider initiatives it can implement to support Providers with recruitment and retention.</p>
3.	<p>Q. The proposed fees are associated with elderly and EMI. Do these apply to LD residential providers?</p> <p>A. Any final agreed percentage uplift would be applied to all types of Sefton care home placements.</p>

4.	<p>Q. We asked for the calculations to be provided to us in advance of the consultation.</p> <p>A. The proposed fee calculations were detailed in the consultation letter dated the 28th of February 2022 and shared as part of the presentation sent to providers before the consultation meeting held on the 8th of March 2022.</p> <p>These calculations are separate to the Cost of Care exercise, which is still ongoing.</p> <p>The fee proposals have not been devised as part of any final outcomes from the cost of care exercise and have not been formulated by ARCC and any associated model they have produced.</p> <p>However, as outlined in the consultation letter, they have been devised in line with previous years, albeit with the change to the 70/30 staffing / other costs split, which in previous years has been a 65/35 split. This change was made following initial feedback from the cost of care exercise.</p>
5.	<p>Q. What is Sefton doing about the collection of 3rd party contribution and pension funds?</p> <p>A. The 3rd party contribution is still under consideration, and we will be looking to commence work on this during the current year.</p>
6.	<p>Q. The payment timescales are un-realistic. Can payment take place in April, rather than June?</p> <p>A. We will need to speak to our Executive Director of Corporate Resources about this, but we will need to consider the governance requirements for decision-making.</p>
7.	<p>Q. How much profit are care homes meant to make based on your proposals?</p> <p>A. The RedQuadrant model included 13% of the rate would be for corporate overheads, profit and expected return on capital – but it is acknowledged that Providers have different business models, and the new cost of care exercise will encompass these factors</p>
8.	<p>Q. Have national models been considered as they have a larger profitability and property rate than Sefton are proposing?</p> <p>A. These proposals and figures are not based on the ARCC Cost of Care exercise. That is separate and is still on-going.</p>

Domiciliary Care & Community Support

No.	Question and Answer
1.	<p>Q. Can the presentation be shared after the consultation meeting?</p> <p>A. Yes, the presentation was shared in advance of the meeting and can be published on the dedicated section for fee consultation on the Sefton website.</p>
2.	<p>Q. In terms of Community Support / outreach, what element of calculation do you put in for travel time/costs for staff?</p> <p>A. The Community Support rate is currently aligned to the Domiciliary Care rate and the travel time is based on 10% of the staff hourly rate. This equates to 6 minutes.</p>
3.	<p>Q. So, in your modelling you have assumed that the journey time between calls is a 6-minute journey?</p> <p>A. Yes, we have looked at the average based on where the packages of care are geographically delivered and the mileage between calls.</p>
4.	<p>Q. Has there been consideration, for the Community Support rate, that the journeys may be longer for the specialist care that takes place over larger geographical areas?</p> <p>A. The rate is currently aligned to the Domiciliary Care rate, however as part of feedback on the proposals Providers may wish to include any information on differences to travel time for Community Support.</p>
5.	<p>Q. Will the uplift be backdated?</p> <p>A. Yes, the fees will be backdated to the 1st April 2022 and once the fee rate is ratified by Cabinet it will be automatically implemented in our finance system.</p>
6.	<p>Q. What about Direct Payment hours?</p> <p>A. This will be for the Direct Payment Agency rate (i.e., where recipient is using a CQC registered Provider). The increase implemented would be in line with the agreed Domiciliary Care rate.</p>

7. **Q.** Is the proposed 3% figure for net profit or gross profit?

A. There is no distinction outlined in models such as that of the UKHCA, however the 3% is added to the calculations which include all staffing and other / running the business costs.

8. **Q.** The 3% margin will be squeezed because of an increase in energy and mileage costs and businesses cannot provide care for 0% profit. Can we see the breakdown of this calculation please?

A. The 3% profit level was calculated in the previous Market Oversight exercise conducted by RedQuadrant and is the profit margin calculated by the UKHCA at that time and also in their recent October 2021 report.

9. **Q.** The costs for training and recruitment have increased dramatically in the last year. Can you please share the rationale for the 'other costs'?

A. The 'other costs' are based on the previous cost of care exercise carried out by RedQuadrant. The following table provides further information;

Element	RedQuadrant Rate was £13.83 (2017/18) - of which £3.04 was attributed to 'Other Costs' (also sometimes referred to as "Running the business")	% of the £3.04	Using these figures the breakdown of the £3.89 'Other Costs' within proposed 2022/23 fee rate would be
Direct Supervisor Costs	£0.72	0.237851662	£0.93
Uniform Costs	£0.06	0.020460358	£0.08
Training	£0.09	0.030690537	£0.12
Registration Fees (including DBS checks)	£0.02	0.00511509	£0.02
Recruitment	£0.09	0.028132992	£0.11
IT and Communications (e.g. mobile phone)	£0.16	0.051150895	£0.20
Administration	£0.75	0.248081841	£0.97
Roster Management Tool/Electronic Monitoring	£0.04	0.012787724	£0.05
Central/Regional Management	£0.40	0.132992327	£0.52
Support services	£0.47	0.153452685	£0.60
Premises	£0.24	0.079283887	£0.31
	£3.04	1	£3.89

	<p>However, please note that;</p> <ul style="list-style-type: none"> • Since the RedQuadrant exercise, other costs have been increased by the CPI rate. The figures above are therefore calculated based on the RedQuadrant exercise calculations and for each element a figure they would equate to now as part of the overall £3.89 figure • There is continued acknowledgement that Providers have different service/cost/operational models
<p>10.</p>	<p>Q. In terms of 'other costs', has there been any consideration for the cost of uniforms?</p> <p>A. Please see details in question 9. The Workforce Recruitment and Retention and IPC grants will help with the additional challenges. These are in place for March 2022. At the moment we don't know if these will be available after March 2022. We will be in touch in the next few weeks to offer support to help providers maximise the grant.</p>
<p>11.</p>	<p>Q. In terms of recruitment, this has been stress-tested over the past 12 months and the market rate isn't competitive against other sectors. The National Living Wage is far less attractive than other market segments outside of the care sector.</p> <p>A. It is acknowledged that recruitment is an issue and Providers may wish to provide information on this (and associated costs) as part of their response to the consultation. The council has provided grant funding to support this and is also exploring how to support the sector with recruitment. In addition, as part of future commissioning work the Council will be engaging with Providers on how new commissioning and contracting models can better support Providers with staffing related issues.</p>

Supported Living

No.	Question and Answer
4.	<p>Q. Can we see a breakdown of ‘other costs’? This will enable us to provide a reconciliation.</p> <p>A. The RedQuadrant report resulted in an overall hourly rate of £13.14, of which £2.20 was attributed to ‘other costs’</p> <ul style="list-style-type: none"> • These ‘other costs’ were for elements such as: <ul style="list-style-type: none"> ○ Mileage ○ Uniforms ○ Registration fees (DBS etc) ○ Recruitment ○ I.T. and Communications ○ Rostering / administration ○ Central / regional management ○ Support services ○ Premises • A specific amount within the £2.20 for each element is not detailed in the RedQuadrant report – as previously advised it is acknowledged that Providers will have different cost models and when submitting information as part of the consultation response process, they may wish to outline current ‘other costs’ which could include the above elements but also any other elements that Providers feel should be referenced.
5.	<p>Q. Has the annual leave been increased because of the bank holiday?</p> <p>A. No. Services would still be delivered on these days and therefore the Provider would be paid based on the agreed hourly rate.</p>
3.	<p>Q. The National Living Wage is not enough to recruit the calibre of staff needed to provide the care needed. Do the Councillors realise that the budget allocated will be reducing the quality provided?</p> <p>A. The Council does appreciate that it is a challenging time, however, when considering market costs we have to do so within the context of what is affordable to the Council and our available budget. We appreciate that this is challenging both at a local and national level. and subject to the national position. Sefton, along with other Councils in similar positions have lobbied to ADASS, who in turn are sharing concerns with Central Government.</p> <p>Providers can reflect these issues in their consultation responses in relation to the proposals and we will reflect your feedback in the Cabinet report. Please send evidence to us at commissioningandcontracts@sefton.gov.uk</p>

	<p>The Council has allocated funds from national grants (such as the WRRF) to Providers, but is conscious that these are time limited, so we are also looking at wider initiatives that we can implement to support Providers with recruitment and retention.</p>
4.	<p>Q. The National Living Wage is not competitive compared to other sectors. We have increased recruitment and agency costs and high costs of utilities. Do you want us to evidence these costs?</p> <p>A. Yes, please provide evidence to the email address above. The evidence will be used to inform final fee proposals/decisions and would then be reflected in the final Cabinet report.</p>
9.	<p>Q. Do you have to have responses by the 10th April?</p> <p>A. Yes, all responses should be received by midnight on the 10th April 2022.</p>
6.	<p>Q. Will the fees be backdated?</p> <p>A. Yes, the fees will be backdated to the 1st April 2022 and once the fee rate is ratified by Cabinet it will be automatically implemented in our finance system.</p>
7.	<p>Q. Can you share the Red Quadrant analysis?</p> <p>A. Please see response to question 1</p>
8.	<p>Q. Can the breakdown of the on-costs for the sleep-in rate be shared with providers?</p> <p>A. The calculation of NLW + 15% was based on a previous analysis of the market and following our benchmarking work with other Local Authorities and the Council not seeking to implement flat rates based on legal judgements.</p> <p>As part of the response to the consultation, it would be very helpful for providers to feedback on current sleep-in rates they pay to staff and how these are calculated and formulated which could inform our future modelling of costs in relation to the wider market.</p>