

**Oxfordshire County Council
New Road
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**To Contracted Providers of
Services to Adult Social Care**

**Stephen Chandler
Corporate Director for Adult
Services and Housing**

31 March 2020.

Dear Colleague

Adult Social Care - Annual Price Review - April 2020

Each year the County Council undertakes an Annual Review of prices paid to its contracted care providers and, as in previous years, we felt that our funding should support the key deliverable of allowing people the best opportunity to remain in their own homes, while supporting an increased and sustainable workforce, with the capability of delivering an increased skilled service.

I am now writing to update you on the outcome of the Annual Price Review effective from April 2020.

Our process; requests for cost information were sent to providers in Oxfordshire and contact was made with the Head Offices of key providers where these were located outside of Oxfordshire.

A consistent approach was taken to the collection of key data from all services with questions posed about

- Cost component structures building up to hourly/weekly rate
- Business footprint within Oxfordshire in relation to the total company business
- Staff complement, staff changes and sickness rates
- Key staff challenges and strategies to respond to these
- The main business changes and influences experienced in the last 12 months
- Their main cost challenges specific to the care sector that they anticipate over the coming 12 months

In coming to our decisions to finalise the review we have considered feedback from the above together with:

- A submission received from Oxfordshire Association of Care Providers
- Discussions held with the Chair of the Oxfordshire Care Homes Association
- The quality of service delivery in Oxfordshire, which based on Care Quality Commission ratings is Good and higher than the national average
- local market factors and pressures within the Oxfordshire market, including service developments across all service areas

Meetings have also been held with individual providers wishing to discuss/explain their Cost Component structures. The purpose of these meetings was to allow providers the opportunity to discuss the operating costs and market conditions prevailing within Oxfordshire: this was to help understand the operational cost calculations and pressures that providers were facing.

The key market headlines include:

- Care homes – there remains an expanding market within Oxfordshire and in the last year we have again seen an increase in the number of beds that have come into the market.
- Domiciliary Care Services – this remains a market that in many respects, is dictated to by workforce challenges/pressures.
- In Learning Disability Supported Living Services we are aware that liabilities for Sleep-In payments remain a concern, and we await the outcome of the Supreme Court's judgement expected in the middle of this year
- We are aware that here have been several national reports about the resilience of care providers within the national health and social care markets, but within Oxfordshire we have again experienced a reduction in the number of unplanned exits compared to previous years
- Despite the above challenges the quality of services in Oxfordshire is good, with Oxfordshire's registered suppliers recording Care Quality Commission ratings generally above the national trend in terms of quality. Alongside this there is an increasing number of providers that have achieved Outstanding rating

It is against this background that we have considered questions such as

- What is the best way to utilise the funding available to us?
- Do we target investments?
- Should we target by sector/service type/provider?
- How can we best support our County Council vision, and wider market sustainability responsibilities?

We also considered 5 funding options

- a) Do Nothing
- b) Implement a % uplift across all packages and hourly rates
- c) Use Minimum Cost Models as the basis to increase payment to those providers that fall below any new calculated rate
- d) Use a mix of the minimum cost models and targeted investment to support identified service areas
- e) Increase existing payments by making a flat rate cash increase to all packages

The above was considered last week by the relevant Joint Management Groups; these cover the Better Care Fund and Adults of Working Age Pooled Budgets.

The Option that was agreed for 2020-21 is **Option D** which is that we use a mix of the minimum cost model applied across services plus, a targeted response in community settings to support people to remain at home.

- We recognise that we need to maintain investment in care homes as they provide essential services in Oxfordshire. However, we also note that there is an increasing

cost to new placements, and we need to support those lower cost placements that may be subject to more financial pressure.

Alongside this we have also agreed a strategy to procure more care home beds on a block purchase basis. This will enable us to secure swifter access to the market when required and provide the basis to expand our partnership relationship with our care home providers.

- Care homes for people with a Learning Disability and for those with a Physical Disability tend to be more specialist services. These are areas that have traditionally not received a price increase in the past due to their high cost. However, we are concerned that the current arrangements may be becoming unsustainable, and because of this we want to support these more specialist placements and ensure that the same do not fail.
- Our existing home support rates are some of the highest in the country, and our modelled care worker hourly rate is above the National Living Wage. However, the market still struggles to deliver the capacity we require, and there are some historical legacy packages that generate payment at the lower end of our pricing scale. We feel we need to support providers in this lower priced area and are moving to raise our lower priced providers below £22.50 per week to an hourly rate of £22.50 per week.
- Learning Disability Day Services (commissioned by the Council) is not an area that has received an uplift in previous years. These services are essential in supporting people in the community, and we recognise that should such services fail then peoples' whole support systems may fail, with significant disruption for the individuals, potentially worse outcomes for them, and associated higher costs to the Council.
- Alongside this, we recognise that there are increasing pressures for individuals who are using their Personal Budget as a Direct Payment. We have received information from a number of services that their prices are increasing and for this reason we have allocated funding equal to an estimated 1% increase to the Direct Payment budget, in order to provide financial support in such circumstances.

Taking the above into account the areas we will invest in for 2020-21 are shown in the table below:

Service Area	Rationale
Care Homes – Older Persons	Uplift any rates below the minimum cost model to the level of the revised minimum cost model having updated that to reflect the impact of the increase in the National Living Wage on non – care workers who are modelled as being paid at the National Living Wage.
Care Homes – Learning Disability Care Homes – Physical Disability	Implement up to a maximum 3% increase on the current weekly rates considering when the last increase was, using the 2016-17, 2017-18, and 2018-19 financial years
Home Support (Mainstream)	Bring all rates below £22.50 per hour up to £22.50 per hour minimum including the legacy rates.
Day Services – Learning Disability	Increase the cost of commissioned placements by 4%

Direct Payments	Provide funding to allow for an increased cost of services for people buying services through a Direct Payment (Equal to an estimated 1%)
Sleep Ins	Sleep-In rates are maintained at £74 per shift ahead of the Supreme Court ruling expected later in the year.

The effective date of the above changes are 1st April 2020, and a list of changes to Target Banding Rates is given below

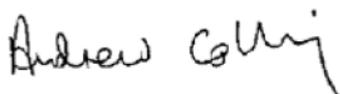
Banding	Rate (including FNC)
Residential	£571
Nursing Extensive	£737
Nursing Specialist	£824

We do recognise that some providers will be disappointed at this outcome. However, we remain committed to ensuring that good quality care and support is delivered across Oxfordshire, and that people are allowed wherever possible to remain in their own homes with good quality support available to them.

In the meantime should you wish to discuss any aspects of the above or should any provider be experiencing financial hardship then please do contact my team using carecontractspricereview@oxfordshire.gov.uk or by telephone on 01865 323751.

Alongside this we have put separate arrangements in place to support providers with the impact of Covid-19. These include moving to payment on planned hours for home support to maintain payment levels and a sustainability fund to support providers with additional costs during the coming months.

Yours sincerely



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