

# Residential & Nursing Care



# Service Overview

- Annual total spend of approx. £125m
- In excess of 2,500 placements at any one time
- One of the council's highest spend and risk areas
- Typically, 3-year contract length
- Single year in 2021/22 due to Covid
- Programme of review work undertaken to determine new arrangements from 1<sup>st</sup> April 2022

# Programme of Review

- Independent review of the market by Care Analytics
- Review of the Usual Cost model
- Review of contract and specification
- Consideration of the move to Gross payments during 2022/23
- Development of a proposal for new Usual Cost(s)
- Engagement with the market

# Findings from Independent Review

- Existing basis for rate construction remains feasible
- Growth in the Older People sector coming exclusively from larger organisations who focus on the self-funder market
- Mental Health and Physical Disability markets are too small for generalised analysis, recommended a further programme of work to review these rates
- Recommendation to give consideration to additional or distinct purchasing models for highly used strategic Learning Disability providers

# Other Determining Factors

- Covid-19
- Volatility in the utilities and insurance markets
- Therefore, recommendation is to:
  - Establish Usual Costs for next 12 months
  - 3-year contract term with an annual rate review for years two and three

# Cost Modelling

- Output from Care Analytics has enabled further development of the cost model
- Wage rates increased to reflect the 6.6% increase in National Living Wage
- Rates includes impact of National Insurance increase
- Non-pay costs increased by 4%
- Proposal to be shared with the Market

# Market Engagement

- November 2021: Care Analytics Reports shared
- December 2021: Details of the proposed rates shared
- Comments were received from:
  - 23 individual provider organisations
  - Representing 14.5% of existing contracted provider market and 34% of Care Homes
  - LinCA

# Market Engagement - Main Themes

- Rising cost of utilities presenting a significant risk
- Rising cost of insurance
- National Insurance increase from 1<sup>st</sup> April
- Workforce challenges



# Outcome

- Publication of Market Sustainability and Fair Cost of Care Fund
- Increase to rates proposed in consideration of responses received
- Establishment of Hardship Fund to address volatile aspects – utilities and insurance
- Establishment of a programme of work to consider
  - Block purchasing
  - Review of specialist sectors

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