



Using Costing Models for Care

Oxfordshire Provider
Commissioning Conference
30th January 2015



Ground Rules

- Care Home consultation on-going – Please book an appointment.
- Home Support consultation – during February
- We will address some issues you have raised
- We won't be dealing with individual queries



Overview

- Key Influences
- Legislative decisions/Case Law
- Models – an overview
- The Oxfordshire approach
- Questions



Key Influences

- Legislation and Regulations
- Government Guidance e.g.
 - “Building Capacity & Partnership in Care”
- Recent Court Cases/Judgements
- Demand / Supply
- The economy – petrol?
- Value For Money/Balancing resources



Adult Social Care Budget

	£m	£m	%
Meeting personal care needs:			
Older People	76		
People with learning disabilities	66		
People with mental health problems	6		
People with physical disabilities	12		
Other services and groups	4		
Total meeting personal care needs		164	78
Intervention and preventative services		20	10
Staffing and other costs		22	10
Non-adult social care budgets		4	2
Total		210	100

People we support

	12/13			13/14			Change from 12/13
	At home	In care homes	Total	At home	In care homes	Total	
Meeting personal care needs:							
Older People	2587	1598	4185	2932	1551	4483	7%
People with learning disabilities	1440	340	1780	1673	355*	2028	14%
People with mental health problems	300	20	320	358	22	380	19%
People with physical disabilities	588	82	670	704	88	792	18%
Other services and groups	58	0	0	33	0	33	
Total meeting personal care needs	4973	2040	6955	5700	2016	7716	
Intervention and preventative services **						c. 20,000	

- * Includes Shared Lives (76)
- ** 2800 people receive reablement
4000 people receive the alert service
1000 + people attend local day centres
12,000 + people received equipment



Obtaining Payment Rates

- Tender process – a market rate
- Home Support
 - Approved Provider List – Price Submission
 - Recent tender - block contracts
- Extra Care Housing – Care Element
 - Care element drawn down from APL



Obtaining Payment Rates?

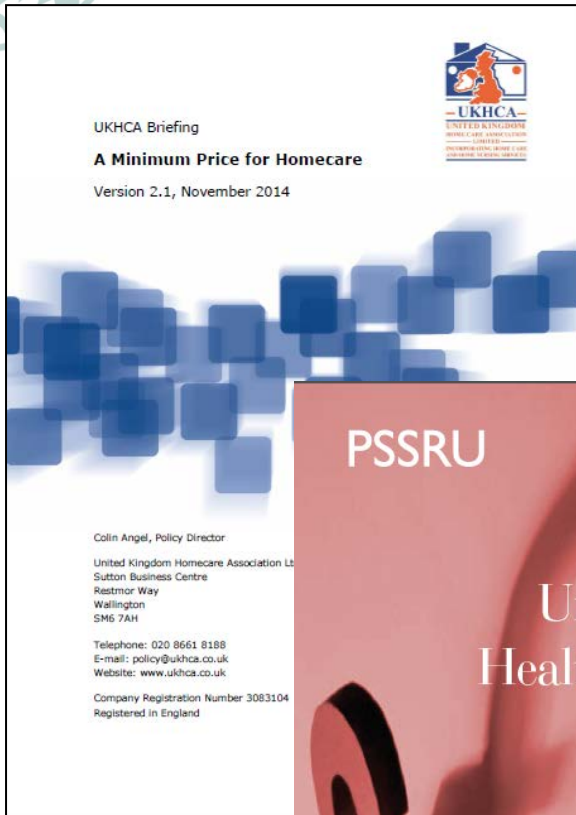
- Care Homes
 - Block contracts
 - Spot arrangements – Target Banding Rates, negotiated, bed prices on day
- Care homes in 2013-14
 - 10th highest cost for nursing home care
 - 34th highest for residential home care
 - 18th overall




Why is cost data important ?

- Tenders
 - Helps to determine Viability of bids
 - Helps to show understanding of the service
- Meet statutory obligations (NMW?)
- Price Review process
- Business Sustainability & Resilience
- Gauge health of social care market
- Helps to identify ‘value for money’ services
- Budget management – use of resources

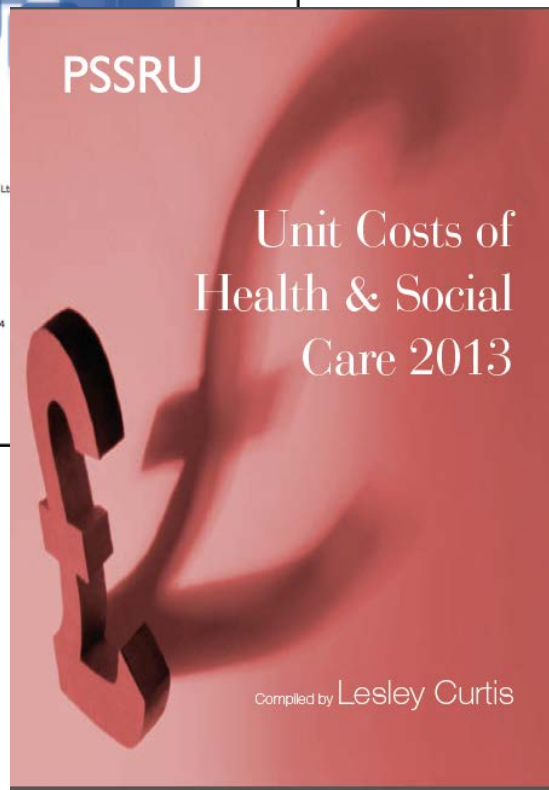
There are various cost models out there!



UKHCA Briefing
A Minimum Price for Homecare
Version 2.1, November 2014



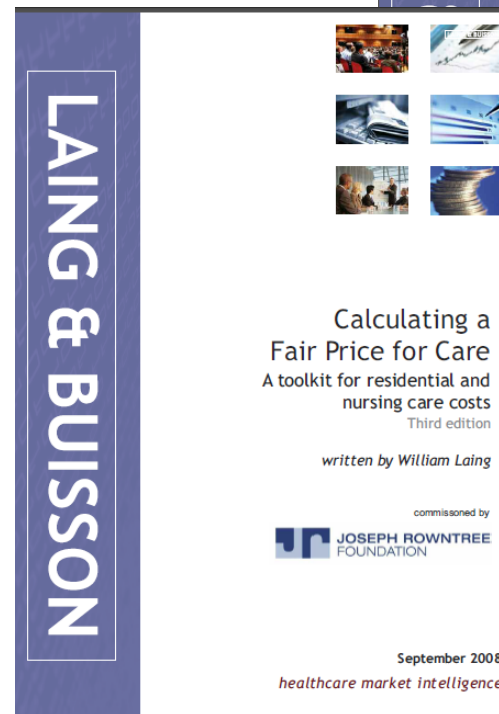
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PSSRU


Unit Costs of Health & Social Care 2013

compiled by Lesley Curtis

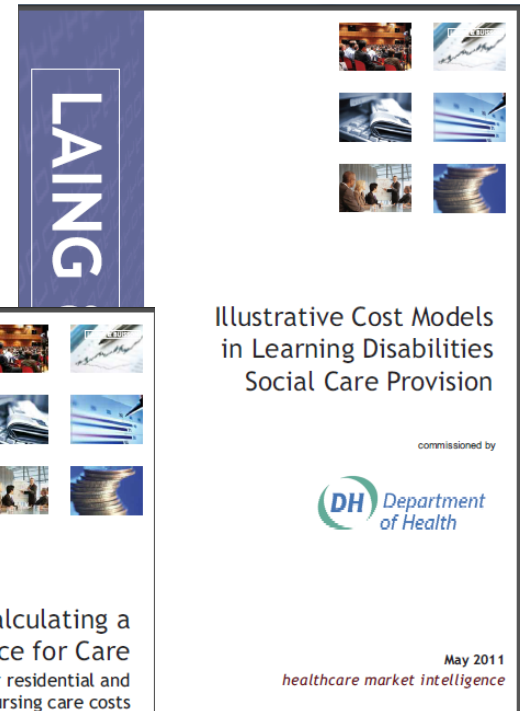


LAING & BUISSON

Calculating a Fair Price for Care
A toolkit for residential and nursing care costs
Third edition
written by William Laing


commissioned by
 JOSEPH ROWNTREE FOUNDATION

September 2008
healthcare market intelligence



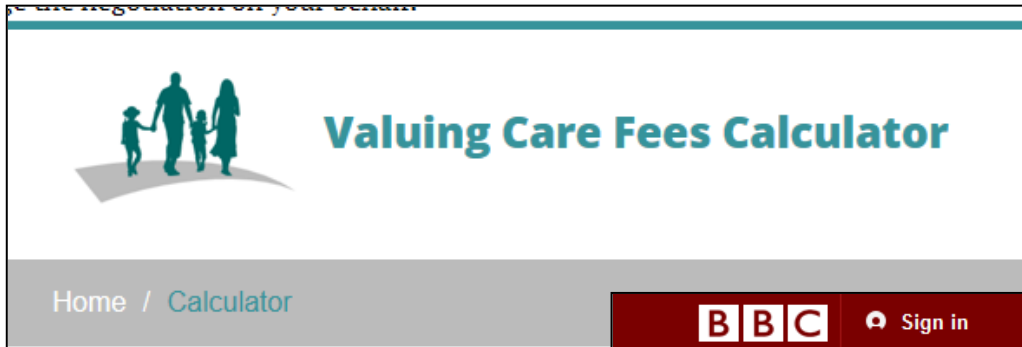
LAING

Illustrative Cost Models in Learning Disabilities Social Care Provision

commissioned by
 DH Department of Health

May 2011
healthcare market intelligence

Also some care/fees calculators



What language do we use?
What do people mean?



Legal challenges

Mainly around care homes fee setting:

- Sefton – actual cost of care, failure to consult
- Devon – Equalities impact assessment on home closure; failure to consult
- Newcastle – not taking into account actual cost of care, judge set Care Home fee
- Torbay – mathematical errors
- Redcar & Cleveland – failed to take account of actual cost of care



Learning Points

During the price review process councils need to

- assess the actual cost of care in their local area.
- consult with providers to hear their views
- consider local market factors
- carry out an Impact Assessment as part of the decision making process.



So what about Cost Models?

- Tend to be generic
- Give a structure for further work
- Make various high level assumptions
- Require amendment to reflect local conditions
- Deliver a 'model' cost
- Inform discussion
- Aid decision making



Different models make different assumptions

- Laing & Buisson
 - Rejects an average cost approach on the grounds that average costs include the costs of inefficient operators.
 - Look at efficient scale of operation
- Need to reflect on assumptions different models make




Oxfordshire Calculations

- We have developed cost models for
 - Care Homes
 - Domiciliary Care
 - Extra Care Housing – Care Component




OCC modelling – Care Homes

- Published details – Consultation Process
- ADASS model
- Residential 48 beds
- Occupancy 94%
- Splits Care & “hotel” costs



OCC modelling – Care Homes (2)

- Builds up from staff ratios
- Pay rates are a key driver in model
- Allowance for day time activities
- Running costs
- Overheads
- Cost of borrowing
- Profit



OCC modelling – Care Homes (3)

- Nursing costs covered by Funded Nursing Care
- Flexibility to pay above the Target Banding Rate if required
 - should a person's assessed needs require additional funding
 - where there is no alternative suitable accommodation that will meet a persons assessed care needs.



Home Support – Nationally

- Under scrutiny from Low Pay Commission
- Employees may not be paid travel time
- 1/3rd employees may be on zero hours
- Paid below minimum wage?
- Increasing interest - HMRC



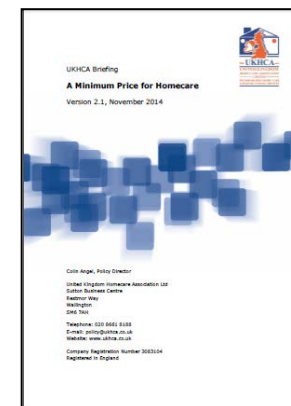
OCC modelling – Home Support

- Similar to UKHCA model,
- Draws from Care Fund Calculator
- Starts from minimum wage
- Calculates travel time
- Calculation pays for travel time, pays for travel
- Holidays, 5 days sick leave, 5 days training
- Overheads
- Geographical range £12.55 - £16.40



UKHCA model

(published 3rd November 2014)



“A Minimum Price for Homecare”

- National Minimum Wage £15.74 per hour
- UK Living Wage £18.59 per hour
- London Living Wage £21.33 per hour

- Feb 2014, Oxfordshire was one of just 4 Councils out of 101 that paid above the then minimum price for Homecare.



The Care Act

Statutory Guidance for Section 5 :

“4.31. When commissioning services, **local authorities should assure themselves and have evidence that contract terms, conditions and fee levels** for care and support services are appropriate to provide the delivery of the agreed care packages with agreed quality of care. This should support and promote the wellbeing of people who receive care and support, and **allow for the service provider ability to meet statutory obligations to pay at least the national minimum wage and provide effective training and development of staff.** It should also allow retention of staff commensurate with delivering services to the agreed quality, and encourage innovation and improvement. Local authorities should have regard to guidance on minimum fee levels necessary to provide this assurance, taking account of the local economic environment. The tools referenced may be helpful as examples of possible approaches.”



Resolution Foundation

(think tank on living standards)

- National Minimum Wage : £6.50 per hour
- The equivalent UK Living Wage rate
 - UK Living Wage: £7.85 per hour
 - London Living Wage: £9.15 per hour
- To implement Living Wage nationally = c.£1bn
- OCC is 1% of any national figure = c.£10m



Care Act – Research Consortium

- Collaboration of 12 Councils inc. Oxfordshire
- Researching market impact
- Laing & Buisson undertaking work
 - Self Funder behaviour
 - Self Funder numbers
 - Difference in bed prices
 - Impact on market
 - Risk in the market
 - Funded Nursing Care – appropriate level or not?