



ANGUS HEALTH AND SOCIAL CARE

INTEGRATION JOINT BOARD – 12 DECEMBER 2018

CHANGES TO PROVIDER ARRANGEMENTS FOR CARE AT HOME PROVISION UNDER SDS

REPORT BY VICKY IRONS, CHIEF OFFICER

ABSTRACT

The introduction of the *'Fair Cost of Care'* contract for SDS Option 3 under Help to Live at Home was a radical approach designed to ensure quality, sustainability and affordability in the care at home market in Angus. Through consultation with the care providers active in Angus we developed a predefined *"Fair Cost of Care"* model, agreeing with providers the legitimate costs of delivering an hour of care and developing a three-tiered hourly rate which all providers would be paid. The *'Fair Cost of Care'* calculator apportions elements of the hourly care cost to staff hourly rate, national insurance, holidays, bank holidays, training, pension, travel time/mileage rate and profit margin.

This approach provides greater control over costs, and a greater ability to plan. It allows the Partnership to be in control of the annual increases to the hourly rates, and any increases applied to be in line with the increase to the Scottish Living Wage. However to date this has only been applied to Option 3, leaving the Partnership at risk of uncontrolled costs and undermining the benefits of applying a *'fair cost'* approach. To apply consistency, it is now proposed that the *'Fair Cost of Care'* calculator be used to determine the hourly rate for personal care and housing support across all Self Directed Support (SDS) Options.

1. RECOMMENDATIONS

It is recommended that the Integration Joint Board:-

- (i) agrees to a new hourly rate for Option 1, based on the *'Fair Cost of Care'* calculator but with some adaptations to reflect its unique character
- (ii) agrees to the *'Fair Cost of Care'* hourly rates being applied to Option 2 providers,
- (iii) agrees that any additional payment incurred due to the Option 2 providers' hourly rates being in excess of this amount will be paid by the supported person if they choose a provider which charges a higher rate.
- (iii) agrees to introduce both changes from 1st April 2019.
- (iv) agrees to proposed arrangements for service users who wish to change from providers that charge more than the *'Fair Cost of Care'*

2. BACKGROUND

Help to Live at Home (HTLH) is a change programme focused on transforming service delivery for vulnerable people in Angus. In 2014 Angus HSCP directly delivered 80% of care at home services to older people, which was out of kilter with other local authorities and unsustainable due to the high cost of services, legislative changes (Self-Directed Support), and forecast demographic pressures. HTLH focused on two main projects: achieving greater efficiency in internally delivered services and increasing capacity in the external care market. It was a programme which was planned to take five years but has delivered in three. Overall service provision has increased by over 50% since the beginning of the programme (from 4500 hours to over 7000 hours per week) while delivering these services at an affordable cost.

Under the Social Care (Self-Directed Support) (Scotland) Act 2013, Angus Council and the Angus Health and Social Care Partnership (AHSCP) have a duty to offer supported people a range of options regarding how much choice and control they would like in meeting their assessed needs and personal outcomes. People in need of services are assessed and allocated a personal budget to pay for care services using a 'Resource Allocation System' (RAS).

As previously reported the Help to Live at Home programme developed a new commercial and contractual model for Option 3 (the option where the supported person delegates their choice and control to the AHSCP). This has included setting a '*Fair Cost of Care*' whereby Option 3 providers were selected through a quality-focused tender process, and are paid set hourly rates for care services. In return they were allocated percentage lots of service provision in localities and are the providers of choice where Option 3 is selected.

The introduction of the '*Fair Cost of Care*' contract for Option 3 was a radical approach designed to ensure quality, sustainability and affordability in the care at home market in Angus. Through consultation with the care providers active in Angus we developed a predefined "*Fair Cost of Care*" model – breaking down the legitimate costs of delivering an hour of care and agreeing a three-tiered hourly rate which all providers would be paid.

Enhanced rates are paid for rural services, but not for 'specialist' services as no specific additional costs could be attributed to this in an hourly rate. The '*Fair Cost of Care*' was formulated and consulted upon with all care providers in Angus prior to introduction for Option 3 in April 2018, but not used for other options where providers continued to set their own rates.

Currently there are fifteen Option 2 and seven Option 3 providers working in localities across Angus.

The availability of Option 2 providers is vital for those individuals who wish to direct their own care and support; however, it is important that the option chosen by individuals is appropriate for them and that the Partnership's relationship with the Option 3 providers is not undermined. There are some people who have services which were previously arranged through Option 3 with providers who were not selected through the tender, and some who have chosen providers because the most appropriate provider was not available at that time. Workers are assisting supported people to select providers according to their preferred SDS option, while minimising disruption to established care arrangements.

3. CURRENT POSITION

Following the implementation of the Option 3 framework and the introduction of the '*Fair Cost of Care*', a number of issues have been highlighted within the delivery arrangements and cost structures for Option 1 and Option 2.

There are two critical issues which relate to SDS options and the '*Fair Cost of Care*' which can be controlled through action to regulate the market. These are appropriate choice of option and provider rates.

1. Appropriate choice of option

Currently in some localities the number of service hours being provided for Older People by the Option 2 providers is more than those being provided by the Option 3 providers. For example, in the North West 55% of care and support is being provided by Option 2 providers. By comparison in Arbroath 83% of care and support is being provided by Option 3 providers. Some of this pattern relates to choices of service provider prior to the new framework, but during the last 6 months the amount of care services being provided to Older People has increased by over six hundred hours per week (+ 15%) through a mixture of Option 2 and 3. It appears that the overall increase reflects increasing demand, and choice of option is mainly determined by availability of services as opposed to preferences relating to degree of control.

In Learning Disabilities services the situation is a little different as supported people tend to have larger care packages, and the majority of services are being delivered by providers who were not selected through the tender process for Option 3. However many of these care packages were originally organised through Option 3, with the understanding that care packages would be organised by care managers.

In cases where the chosen provider is no longer available through the chosen option, supported people need to either reconsider their chosen option or transfer to another care provider.

Continuing to sanction supported people who have initially chosen Option 3 to subsequently receive services from Option 2 providers presents a number of risks. Firstly, many supported people may not be able or willing to direct their own care or enter into a contract with a care provider. Secondly, the tender process selected the highest quality applications for Option 3 and the successful organisations met all the criteria to be an approved provider, and to deliver services at the 'Fair Cost of Care'. Option 2 providers are not subject to the same quality assurance framework. Thirdly, if supported people are not encouraged to receive service from providers available within their chosen option there is a risk that recently appointed Option 3 providers will not receive sufficient business to become established and sustainable.

2. Provider rates

The rates paid to providers under Option 3 are set through the 'Fair Cost of Care'. Under Option 2 providers directly contract with the supported person, and set their own hourly rates. Angus Council does not have a contractual arrangement with Option 2 providers other than paying for services on behalf of the supported person.

This presents a risk to the Partnership as the cost of care services through this option are uncontrolled, and these services are not subject to the quality requirements of Option 3. This effectively undermines Option 3 as providers see less benefit in investing in being part of this scheme.

The position is similar for Option 1, where the supported person can either directly employ carers or use care providers, but manages their budget and payments independently. Again there is no contract with Angus Council and the hourly rate for care is not controlled.

Not setting an hourly rate for care for Options 1 and 2 exposes AHSCP to the risk of costs becoming unsustainable. There is also a risk that providers may become more vulnerable to market forces and fail if they do not set sustainable rates, and that cost could become the driving force for provider choice over quality. Additionally providers may not pay their staff the Scottish Living Wage which the IJB is obliged to ensure is in place throughout Angus.

There is also a risk to the relationship we have with the Option 3 providers if we continue to pay Option 2 providers a higher hourly rate without the requirements to which the former are subjected. This is a disincentive for providers to remain on the Option 3 provider list.

There is an ongoing workforce challenge nationally in care services which we are working with providers to address in Angus. However, there is also an immediate issue of volatility within the existing care workforce. Recruitment and retention of staff is proving problematic for the Option 3 providers. They report that they are losing staff to Option 2 providers paying their staff a higher hourly rate, and also to care homes where transport is not required. The impact is that recruitment is slow and unpredictable and the consequence is that option 3 providers

do not have sufficient workforce capacity, which is in turn impacting on service delivery, and option choice.

4. PROPOSALS

Appropriate choice of option

All care packages for supported people will be reviewed to ensure that the care provider is appropriate for their chosen SDS option. Where a care provider is no longer available through the chosen option supported people will be assisted to either reconsider their chosen option or transfer to another care provider. This will be managed sensitively but will ensure that choices regarding the degree of control supported people wish to have are respected.

Provider rates – applying the ‘Fair Cost of Care’

In order to apply a consistent and equitable approach it is proposed that the ‘Fair Cost of Care’ calculator is used to set the hourly rate for personal care and housing support across all SDS Options. The ‘Fair Cost of Care’ calculator apportions elements of the hourly cost to staff hourly rate, national insurance, holidays, bank holidays, training, pension, travel time/mileage rate and profit margin.

The ‘Fair Cost of Care’ approach will affect Option 1 and 2 as follows:

Option 1

Where an individual directly employs a carer/personal assistant the elements within the ‘Fair Cost of Care’ calculator for travel time and miles will be removed as there would be no expectation on the worker to travel as part of their role. Therefore the personal budget for care will be reduced to reflect a lower rate. Where an individual uses a care provider organisation, but manages their budget and payment themselves, the budget for this element would be calculated at the full ‘Fair Cost of Care’ rate.

Option 2

The ‘Fair Cost of Care’ hourly rate would be applied to Option 2 providers in the same way as for Option 3, with payment on behalf of the supported person. Where providers are unwilling to accept the ‘Fair Cost of Care’ rate any additional payment incurred due to their chosen Option 2 providers’ hourly rates being in excess of this amount would have to be paid by the supported person. This is consistent with the approach taken where care homes charge more than the local approved rate, and allows individuals to choose their preferred provider without any additional financial burden falling to AHSCP. This approach is also taken by other local authorities which set a rate for care (for example: Dundee).

The majority of care providers have indicated that they will accept the ‘Fair Cost of Care’ rate. The exact number of people who could face ‘top-up’ costs by using a provider whose rates are in excess of ‘Fair Cost of Care’ is not yet clear, but it appears to be mainly providers delivering services to people with Learning Disabilities which may not accept the ‘Fair Cost of Care’ rate. There are currently thirty-one service users in Learning Disabilities placed under Option 3 with providers who are now Option 2, thirteen of which are with providers (3 in total) who have indicated that the ‘Fair Cost of Care’ does not fit with their organisational cost structure. It is important, in the first instance that if these service users wish to remain under Option 3 that they are transferred to an Option 3 provider. In the event that there is no capacity with an Option 3 provider, supported people will be advised that they may remain with their current provider until such time as a space becomes available. The supported person will not be expected to pay an additional amount unless at the time of transfer they choose to remain with the current provider and effectively change to an Option 2 arrangement.

5. FINANCIAL IMPLICATIONS

As yet we do not know the number of Option 2 providers who will accept the ‘Fair Cost of Care’ hourly rates, but the majority have indicated that they will. There are currently three providers whose hourly rates are below £17.17 per hour, and a number whose rates are set

significantly higher. Each organisation has set its rates for care services according to their business model. However, the Option 3 tender process has selected a range of high quality organisations which will deliver care services at the '*Fair Cost of Care*' rates. Therefore there is no need to fund care services which set their rates in excess of these rates.

Applying the '*Fair Cost of Care*' allows the AHSCP to set the standard for care at home service rates and supports the payment of at least the Scottish Living Wage to all care workers. It also provides greater control over costs, and greater ability to plan expenditure. At this time we do not know the full cost implications of applying the '*Fair Cost of Care*' across all options, however based on the current Option 2 rates, a saving of over £100,000 per annum is estimated.

These financial implications, together with the effect on the market will be monitored and reported following the first six months of implementation.

6. OTHER IMPLICATIONS

The implications of applying the '*Fair Cost of Care*' for personal care services are positive and will bring consistent benefits across all service areas.

Where supported people have existing services in place with providers which will accept '*Fair Cost of Care*' rates the financial elements of their care and support plan will be adjusted without significant effect on their services or budget.

A small number of care providers are likely not to accept the '*Fair Cost of Care*' rate, and may seek additional payments from their service users. This may result in supported people arranging services through other providers, or choosing to stay with those providers and paying a 'top up' payment. We are confident that the providers available through Option 3, at the '*Fair Cost of Care*' rate, deliver high quality services which offer a reasonable alternative to choosing other higher cost providers.

REPORT AUTHOR: George Bowie, Head of Community Health and Care Services (South)
EMAIL DETAILS: BowieGS@angus.gov.uk

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