The LGA & ADASS Care and Health Improvement Programme & The Care Provider Alliance: Fee Setting and Commissioning Practice Webinar, 4th May 2021

Care and Health Improvement programme

Webinar Housekeeping

Microphone / video

- Please mute your microphone and turn your video off.
- You can communicate via the **chat** function (click the icon that looks like a speech bubble)

Access

- Slides will be circulated following the session
- Any unanswered questions will be picked up through a briefing document
- The webinar is not being recorded

Questions and comments

- Please submit any questions through the chat function and include your name and organisation
- We will take as many questions as possible and focus on the most commonly asked ones
- If you wish to get in touch with any further questions about the webinar, or about the Care and Health Improvement Programme, please contact Marketsandcommissioning@local.gov.uk

Webinar Introduction

Agenda

13:30: Introduction: Kathy Roberts, CPA Chair

13:35: Provider Perspective: Karyn Kirkpatrick**,** CEO, KeyRing Living Support Networks

13:50: Local Government Perspective: John Jackson, National Care and Health Improvement Adviser, Finance and Risks and Leon Goddard, Senior Adviser, Commissioning and Markets, Care and Health Improvement Programme (CHIP)

14:00: Leicester City Council: Martin Samuels, Strategic Director for Social Care and Education, Elena Martin, Director of Operations and Commissioning, Langdale Group and Gary Fuller, Operations Manager, Langdale Group

14:15: Panel Q+A Session: Q+A with all speakers plus Simon Williams, Director of Social Care Improvement, CHIP.

14:55: Summary and Close

KeyRing

... We're Life Changing

The Care Provider ALLIANCE

Karyn Kirkpatrick, Chief Executive Officer, KeyRing Living Support Networks

Local Government Perspective

The context in which council budgets are agreed

John Jackson

National Care & Health Improvement Adviser Finance and Risks

Local authority budget setting: the rules

- Like all organisations, local authorities have to work within the resources they have.
- However, there are additional statutory responsibilities placed on local authorities:
  - Budgets must be set by certain dates. In practice, this means that the major decisions have to be taken by the end of January
  - Local authorities cannot borrow to fund revenue spending
  - This means that it is illegal to set a deficit budget
  - Key local authority officers have statutory duties to intervene if they think the council is behaving unlawfully or may run out of money
  - There are significant controls which limit the ability of local authorities to increase their income

Local authority budget setting: the resources

- Most council spending (including adult social care) is funded by the **council tax**. Local authorities have some discretion but this is limited by national government. In practice, there has been a cap on the increase for many years now.
- The next biggest contribution is from **business rates**. The level is set by central government.
- **Government grants** are now a very low proportion of council income
- Grants are less than what **individuals pay for council services** (where there are charges). There are government controls on many of these charges (e.g. for adult social care)

Local authority budget setting: the resources in 2021/22 for adult social care

- Whilst there was some good news for adult social care (although most of this is dependent on council tax increases), the overall position for local government is even worse than it was before
- The extra money for adult social care will be more than used up meeting demographic pressures and any inflationary increases for providers (about 2 – 2.5% on average).
- **No resources available** for: the contribution that adult social care has to make to the council's overall savings target; paying more to providers to stabilize the market; increased costs that have arisen due to Covid; investments to improve the quality of care.

Local authority budget setting: assumptions about spending pressures

- **Inflation**: most local authorities will have estimated rates for adult social care which will reflect the expected national increase in the National Living Wage.
- **Demography**: most local authorities will include extra resources reflecting the fact that the population is ageing and there are both more younger people and older people who have disabilities which mean they may need personal care. Annually, this is about 3% a year.
- **Other pressures**: sometimes other pressures may be included – especially if the budget looks too low for the level of care.

Total council pressures always exceed the level of estimated resources which is why councils make cuts every year.

Commissioning Best Practice

Leon Goddard

My experience

- All aspects of the sector are run on tight margins
  - Financial
  - Staffing
  - Resources
- Everyone in the sector has a strong desire to help people, work together and do the right thing
- All roles are difficult and complex, with challenges and constrains we wished did not exist
- We all have different skills, experience and backgrounds and areas we find difficult – commissioners are no different
- Stereotypes – unhelpful and likely indicate wider issues

Key success factors

- Positive relationships
  - Trust and respect for each others role and challenges
  - Open communication channels – Provider Forum and just ‘picking up the phone’
- Clarity and consistency
  - Everyone is clear on what should happen and confident this will happen
- Strong provider organisations or representatives
  - E.g. LA funding provider to provider support to strengthen local network
- Co-production, partnership and joint problem solving
  - The bigger the issue the greater the importance of provider involvement
- Transparency, information sharing and removing ‘blind-spots’
  - Commissioners / providers help each other better understand things
  - E.g. Rotas, recruitment issues, financial position, commissioning processes

Annual Rate Review Process

- LAs communicate process by December, decision by end of March
- LAs obliged to consult with providers but approach and process vary

- Common issues raised:
  - Commissioners – Providers haven't shared cost information with us
  - Providers – Commissioners have not involved us, or consulted to 'tick a box'

- What should happen:
  - Commissioner explains process and opportunities for provider input
  - Providers give their view on process and share relevant cost information
  - Commissioners consider information provided and share decision
  - Providers are clear on the process, the decision and implementation

- What do we want to achieve:
  - All parties have all the information they need about process and costs
  - Providers play a significant role in shaping the level and detail of fees
  - All funding used most effectively to support the sector

Re-commissioning

- What are the features of these processes:
  - Done every 3-5 years,
  - Often involve a tender or application process
  - Lead to changes in commissioning approach and how things work in practice
- Why is this done:
  - Usually due to expiry of contract/s that underpin commissioning arrangements
  - Status quo or contract extension not usually an option
  - Seen as an opportunity to improve what is not working well
  - Often last 3-5 years, so must reflect current and future conditions and needs
- What is a typical approach:
  - Usually done 12-18 months in advance of contract end
  - Ideally, providers involved early to influence overall approach, not just details
  - Providers should be clear on key timescales and planned approach
  - Best chance for all partners to influence commissioning approach

Leicester City Council and Langdale Care Homes Group

Working in Collaboration

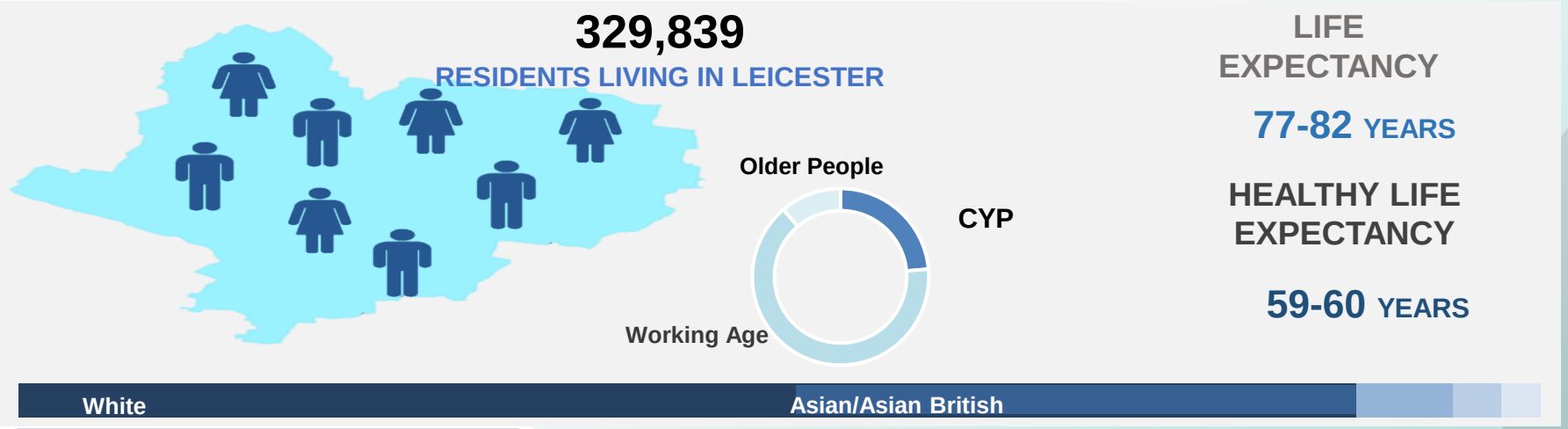
Martin Samuels, Strategic Director Social Care & Education,
Leicester City Council

Elena Martin, Director of Operations and Commissioning &
Gary Fuller, Operations Manager,

Langdale Care Homes Group

Leicester
City Council

Leicester City's Provider Market



Care Homes

- 103 Care Homes providing 2711 beds
- Mix of OP (55) (17 nursing care) and Working Age (48) - all but 2 with contracts with LA

Supported Living

- 475 people in 118 properties
- Provision expanded by 46% over past 8 years, more planned

Domiciliary Care

- Commissioned jointly with NHS
- 40 contracted providers supporting c2000 people
- Wider market of 126 providers supporting c4100 people

Leicester City Council

Commissioning and Fee Setting

Strategic

- Strategic commissioning reviews based on joint working, partnerships & co-production
- Project approach involving all stakeholders, including Finance, from the outset
- Historically, care home fee setting not involved commissioners (unlike other services)

Fee Setting

- Soft market testing inclusive of price considerations / costs of delivering service
- Development of fee structure based on cost drivers in local markets (requires close engagement with providers to understand these)
- Procurement sets ‘bid envelopes’ – effectively a fee range within which bidders submits their price

Care Homes

- Traditional model for fee setting
- Fee bandings reflective of different levels of care
- Annual uplifts reflecting legislative changes, e.g. movement in NLW & pensions

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Case Study: Designated Settings

Model

21 beds across two units

Located in two residential nursing homes

Services for 18+ in LLR requiring isolation & recovery

Dedicated pathway

Contract from 27 November up to 31 March, with extension options to June (not utilised)

Costs

Costs reflected challenge of providing high quality care & support for those C19+

Commissioning of an isolation unit during first wave supported commissioning of Designated Settings

Enablers

Strong relationships & good market intelligence

Procurement rules eased

Demand modelling highlighted periods of pressure

Joined-up approach with Primary Care, recognising additional support required

Evaluation & Key Learning

Model rapidly & successfully implemented

Value of LLR collaborative approach

Vital to have clinical oversight from very start of planning

Scope to extent new procurement approaches, e.g. winter pressures

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Case Study: Langdale Group's Perspective

Model

Revitalised reablement/assessment bed model

Model built on trust – no KPIs, as needs changed on a daily basis – allowed process to evolve

Costs

Element of pricing for beds was understood by commissioners

Costs reflected enhanced practice & were agreed with commissioners

Enablers

Essence of programme was working together – CQC, Health, Social Care & us as a provider. We felt well supported

Local Authorities coordinated programme well

Evaluation & Key Learning

Outcomes achieved & settings a success

People went home – settings provided important element of reablement for people recovering from COVID

Leicester City Council

Q+A Discussion

Thank you!