Appendix 10 **DRAFT**

Care Home Fees Review- Analysis of Consultation Responses and Changes Arising due to Consultation-

1. Methodology of consultation

The questionnaire was sent to 108 care homes in Torbay registered with CQC (Care Quality Commission). Within this total 16 are nursing homes for people aged over 65, and 59 are residential homes, resulting in 75 care homes for people over 65. The questionnaire was emailed and sent by post. Care home providers were also given the opportunity to have one to one meetings or telephone conversations where they were given the chance to discuss the issues in an open and free way. These took the form of unstructured interviews and while some care home providers chose to go through the questionnaire, others used the opportunity to make general comments relating to the proposal. Representations from homes were also accepted in writing via email/ letter.

There were 35 homes represented in individual responses, and then an additional group response which represented 29 unidentified homes was received.

Excluding the group response, the following is a breakdown of the 35 homes that responded to the consultation,

Home Type	**Number who responded**
Nursing over 65	7
Residential over 65	22
Learning disability and/or Under 65	6
Total	**35**

Results from the questionnaire are outlined in section 2 of this report and results from other forms of consultation are outlined in section 3. The two are reported separately to avoid any misinterpretation of views.

2. Questionnaire Results

13 questionnaires were returned, 1 of these was a group questionnaire representing 29 homes. Some of these 29 homes may also have completed their own individual questionnaires, so there is the potential that there may be some double counting of their responses. The remaining 12 questionnaires represented 16 homes.

The following is a breakdown of the 16 care homes who responded:

Home Type	**Number who responded**
Nursing over 65	5
Residential over 65	11
Learning disability and/or Under 65	0
Total	**16**

2.1 Banding Structure

Q1. We have listened to feedback about the fee structure – that it is too complex and needs to be simplified. Do you agree?

	Number
Yes	10
No	1
No response	1
Yes- Group response of 29 homes	1
Total	**13**

Q2. Do you think this the right number of categories?

Respondents were given the proposed new structure which comprises 4 care categories and were asked to state if they thought this was the right number

	Number
Yes	6
No	5
No response	1
No- Group response of 29 homes	1
Total	**13**

Taking into account the 29 homes in the group response- the majority thought it was the wrong number of categories.

Q3. If not, what would you propose and why?

The general consensus of those that disagreed with the proposed banding structure was that it is too rigid and too simplistic. There was a belief that there needed to be more flexibility to encompass diverse and individual needs, particularly higher needs (including dementia where it was said that care is more expensive). One respondent felt that because of the changes in funding the only way to provide a service would be to take residents with lower dependency.

Q4. The draft assessment banding tool for residential placements is attached at Appendix A. Please add any comments below.

Although some respondents were more positive in saying that the assessment banding tool is “self-explanatory and easy to follow” others expressed the opinion that it does not cater well for clients with high needs who require multiple carers, and it was expressed that the criteria to move from Standard to Standard Plus were high. A consistent message from the responses was that the needs of people with dementia were highlighted as being an omission from the banding tool and categories.

Q5. Do you think this allocation is correct?

Respondents were given a table showing how the fee rates have been mapped from the old to the new bandings

	Number
Yes	4
No	5
No response	3
No- Group response of 29 homes	1
Total	**13**

Out of those who responded, the majority disagreed with it.

Q6. If not what would you change and why?

One respondent felt that the current B2 and B3 banding categories should be combined, not bands B1 and B2 as proposed. Again, the needs of people with dementia were raised and the extra expenditure required on this client group. There

was a belief that funding would be lost for homes that work with these residents if fees categories did not accurately reflect these needs.

However, one respondent felt that the banding allocation was correct because "we have the ability to assess individuals who needs do not fit into these categories."

2.2 Assessing Cost Review Process

In assessing the cost of care, the costs in the following categories were reviewed:

- Direct care costs (largely staffing related)
- Food and Accommodation costs (often referred to as hotel costs)
- Contribution to profit

Respondents were given the detailed figures for each of the first 2 categories and asked:

Q7. Do you agree with these assumptions?

	Number
Yes	3
No	8
No response	1
No- Group response of 29 homes	1
Total	**13**

The majority disagreed with the assumptions in the cost model. One respondent made the point that "management/admin often covered by manager."

Q8. Do you agree the cost of care is the sum of the care costs and hotel costs?

	Number
Yes	1
No	9
No response	2
No- Group response of 29 homes	1
Total	**13**

Virtually all respondents who commented did not agree with one respondent replying that "individual needs need to be reflected in the care costs".

Q9. If you do not agree with the assumptions and estimates set out in Appendix B, please set out in detail why these assumptions are incorrect

Several respondents compared residential costs with costs of B&B accommodation/youth hostels to make a case that the fee level was too low. Costs of training, equipment and general administration was also brought up as an additional cost to the employer. Some respondents did mention extra/group recreational activities/entertainments.

Two respondents did provide figures to support their position that they would make little or no profit from the new proposed fees.

2.3 Cost and pricing in the care market

Q10. Profit is the return that a home owner, and other investors, can expect in return for the risk they have taken by investing in a care home.

	Number
Agree	9
Disagree	2
No response	1
Disagree- Group response of 29 homes	1
Total	**13**

The overriding message coming from the respondents can be summarised by one respondent who said “your proposals do not allow for an adequate profit for homes to operate successfully.” Another made the point that they would make a net loss.

The group response by 29 homes gave the concern that “TCT [Torbay Care Trust] do not seem able to distinguish between Return on Capital, gross profit and net profit.”

Q11. Without sufficient profit a care home will not be viable in the longer term

	Number
Agree	12
Disagree	0
No response	0
Agree- Group response by 29 homes	1
Total	**13**

All respondents agreed with this statement, the responses are best summarised by one respondent who said “your proposals do not allow for sufficient profit on return,” and the group response which said that “care homes are not social enterprises– they are businesses”. Staff costs, costs of living, need for high occupancy to make a profit- all of these things were noted by respondents as impacting on the ability to make a profit.

Q12. The price that can be charged for a bed in a care home will depend on what a person is willing to pay

	Number
Agree	6
Disagree	5
No response	1
Disagree- Group response of 29 homes	1
Total	**13**

Taking into account the group response, the majority disagreed with this statement. The cost being dependent on the needs of the client was a regular theme arising from the consultation responses. One respondent said that “if home owners are under financial pressure then there is a danger that they will agree to low rates just to stay in business– and it will be the service user who suffers in the long run”. The group response appeared to think that the Local Authority wanted to rely on forcing continuation or extension of unfair practice (differential pricing) simply to subsidise the amount it wishes to pay.

Q13. There are different segments, or sectors, in the care home market which meet the needs of different people

	Number
Agree	12
Disagree	0
No response	0
Disagree- Group response of 29 homes	1
Total	**13**

There was a general recognition in the consultation responses that different people require different levels of care. A view expressed was that the complex needs of

clients is getting ever greater, and that some people have to move as their condition deteriorates; in addition it was expressed that some care homes have to be "more choosey" in whom they take than a home that can cater for higher needs.

Q14. To optimise income, prices are likely to vary according to these different market segments

	Number
Agree	11
Disagree	1
No response	0
No response- Group response of 29 homes	1
Total	**13**

The majority of the respondents agreed with the proposition, in that the level of care dictates the price so that nursing care would be more expensive than standard care. High level dementia and/or mental health care costs more than other residential care. However, one response made the point that private clients should not be expected to subsidise the cost of care provided to publicly funded clients.

The group response stated that "care homes which focus on provision of high quality environment in theory may choose to charge a higher fee. What homes should not do is to charge differential pricing for the same care … as this is an unfair business practice. Unfortunately the continued chronic underfunding by TCT means that homes must attempt to use this as a means of survival. However the reality in Torbay is that there are few private fee payers, so in practice it is not a solution."

Q15 The prices agreed for a bed will reflect a wide variety of factors in which both buyers and sellers are trying to get the 'best value'

	Number
Agree	8
Disagree	2
No response	2
Disagree- Group response of 29 homes	1
Total	**13**

Some respondents challenged the interpretation of "best value."

It was expressed that the costs of employing good quality care staff impact upon the bed costs. With fee levels at the rate proposed it was expressed that recruitment and retention will be difficult, with homes needing to be paid at the correct level to provide appropriate levels of care.

In respect of the figures being based on a national average of a 60 bed home it was expressed "the savings that can be made in homes of large capacity are not possible in smaller units such as we have here in Torbay" and as such "the fees offered to the residential sector overall in Torbay are not realistic and do not make enough funding available for high quality provision of care……. Best value must not be achieved at the expense of not providing sufficient funding to the home owner in order to put him out of business– or not sufficient to allow him to provide proper suitable care provision."

The group response challenged the question– "This does not reflect the reality in Torbay today. Because there has been and continues to be chronic underfunding by TCT, fee rates are below cost. Many homes are in a desperate position. The statement suggests that fee levels are adequate and there is 'negotiating room'. This is simply not true'"

Q16 High numbers of vacancies will damage the viability of homes

	Number
Agree	12
Disagree	0
No response	0
Agree- Group response of 29 homes	1
Total	**13**

It was agreed by all that this would mean that income will reduce which means there is "less to put back into the home [and] may mean areas of the home close or fall into disrepair."

One respondent noted "I understand that we are second from the bottom in the league tables of fees– are[they] set at such a rate to force home owners out of business?"

One respondent expressed the view that care in the community is not always the reasonable option that people think it is, in that this can involve costly agency care packages that provide minimal visits to these service users in their own home and are offered as 'providing you with all the care you need to remain in your own home.' It was their view that the total cost of care in the community may be more expensive

than the “the very reasonable cost to the tax payer of someone being funded in 24 hour residential care and support... Talking about value for money– I think you will find that the residential care packages represent the best value for money by far. It is the perception of the trust that everyone who is elderly and frail or infirm would rather stay in their own home– often lonely; frightened and receiving a few very short (15 minutes at times) visits from care workers.”

Other comments included “Torbay assumptions of 95% occupancy is very high and exceeds even when demand was high.”

Q17 This might mean that the number of homes or beds has to reduce so that the remaining homes in the market are viable

	Number
Agree	9
Disagree	2
No response	1
Agree- Group response of 29 homes	1
Total	**13**

There were a variety of responses to this question. The group response pointed out that “it is not the job of TCT to cause a reduction in frail elderly beds to happen by paying less than the cost of care,” and that “there is likely to be an undersupply of nursing beds and of specialist dementia beds, as there is in the rest of Devon. We are extremely concerned that TCT appear to have no strategy whatsoever to address this.”

An alternative view expressed was that the aging population may require greater provision in the long term, thus countering any potential reduction in homes.

The emphasis on keeping people in their own homes which may not be their wish or in their best interests was raised, and one respondent said that there was the possibility that homes will close, reducing bed numbers, and so the price of care will increase, or there will not be enough beds to meet demand (so fees will rise again), possibly costing the Trust much more money in the end.

One respondent noted that smaller independent homes will find it more difficult to survive as bigger organisations have greater buying power and ability to develop; as patient needs increase/change many of these smaller homes will no longer be fit for purpose.

2.4 Market assumptions

Q18 Do you agree the public sector purchase only a percentage of the Care Home capacity at its banded rates and contribution to profit also comes from other sources?

	Number
Yes	9
No	2
No response	1
Yes- Group response of 29 homes	1
Total	**13**

Some comments indicated that homes rely on the public sector for a large percentage of their clients, and a couple of respondents pointed out that in their cases the fees from private clients and funded clients are charged the same, as they do not discriminate between client groups. The group response said that it was incorrect to assume that private clients are charged more. Another response made the point that many privately-funded clients become Local Authority clients after a year or so.

Q19
Torbay has made assumptions about the average capital cost per bed for a newly built/acquired business. This is:

- Residential £61,000
- Nursing £62,600

Do you agree with this assumption?

	Number
No	6
Yes	5
No response	1
No- Group response of 29 homes	1
Total	**13**

Those who disagreed challenged the methodology and the figures - a couple of respondents quoted a bed price of £100,000 (by Knight Frank), although one respondent did suggest a lower price for the average capital cost per bed for a newly built/acquired business of approximately £40, 000.

Q20
Torbay has made assumptions**:** Taking into account the average age of care home businesses in Torbay, the average capital employed per bed for businesses currently operating in Torbay is:

- Residential £45,200
- Nursing £46,100
-

Do you agree with this assumption?

	Number
Yes	5
No	4
No response	3
No- Group response of 29 homes	1
Total	**13**

See responses to Q19 above

Q21 Please enter any further comments below?

One respondent used the proposed fee rates to set out their position that they would not make enough profit to operate, coming up with a profit figure of 1.59%:

“If I went to the bank and stated I wanted to purchase a care home and stated the profit figures as above, they would not lend me the capital... As a private enterprise we have to make suitable returns on our investment and time, and without that, services will not be offered...”

The group response summarised: “The rates you propose are too low. They do not reflect the actual cost of care and do not allow for a reasonable return. A care home cannot be viable on these fee levels. They will inevitably affect quality in many homes, and will force some care homes to close. Regardless of any opinion regarding oversupply of residential frail beds, such forced closures will have serious consequences for the residents involved, and should not be caused by underfunding and underpaying.”

One respondent asked that TCT “need to take direct approach and be honest with providers about financial situation and endeavour to work in partnership.”

3. Other forms of consultation

Some care home providers took up the opportunity to have one to one meetings and telephone conversations where there was no formal set of questions asked. This gave the opportunity to give feedback in an open and free way. It also gave respondents the opportunity to raise issues and concerns. Representations were also accepted in writing via email/letter. Feedback also came from an open provider meeting on 25 October 2012 following the issuing of the fees proposal.

Some providers who participated in these consultations also completed a questionnaire so some of the themes and comments outlined below may cross over to the analysis in section 2. However, the meetings and telephone interviews gave respondents the chance to expand further on some of the issues they had identified in the questionnaire.

There were 19 one to one meetings and 5 telephone interviews as well as email responses- altogether representing 32 homes. In addition a document was produced as a group response representing 29 homes. Some of these 29 homes may also have responded individually through the methods mentioned above so there may be a cross over of opinions.

A breakdown of the 32 homes excluding the group response is as follows:

Home Type	**Number who responded**
Nursing over 65	7
Residential over 65	19
Learning disability and/or Under 65	6
Total	**32**

The 6 homes that specialise in learning disability and/or under 65s are not affected by these proposals. Their feedback has however, been included where relevant to this consultation. Specific issues relating to their sectors will be kept and considered as part of any consultations for these sectors.

Themes arising from these consultations are set out below:

3.1 General views on fees proposal

Overall respondents are not happy with this proposal. One called it a ‘Contentious offer’. Feedback was that:

- Fees not high enough
- Concerns they would lose money or would not survive based on current residents and proposed fees
- The group response said that the proposal does not cover the actual cost of care or the sustainability of the sector expressing the view that it fails in formulation and amount
- The group response said that the Local Authority Circular (2004)20 requires the actual cost of care to be considered taking into account local factors and sufficiency and therefore should not consider third party and other cross subsidies
- Should regard local factors in the cost such as Torbay having smaller homes and therefore issues with economies of scale
- One respondent pointed out that there is a potential future increase in demand from an aging population, particularly as the people born after the Second World War come to need care and therefore believed that the long term future needs to be taken into account
- The group response said that the Care Trust should have looked at how efficient homes are and if they could be run more efficiently
- The group response felt that the cost model used is defective in its calculations
- Torbay's proposed fees are lower than in other Local Authority areas
- One respondent believed that Central Government should make a national fee model a priority
- There is concern that the Care Trust has accepted only certain parts of the Bishop Fleming report. According to the group response- Bishop Fleming report "is accurate and reflects the current position facing the sector and what is required to address that position." Another respondent said that "the Bishop Fleming report may only cover 21 Homes but those Homes represent a high percentage of the total bed spaces in the Bay. The capital cost model in the report is widely accepted as reasonable and it is therefore incorrect for Torbay to opt out of a nationally accepted model just to meet a 'locally convenient' figure"

3.2 Private Fee Rates (relates to Questionnaire Q.12)

There was a concern raised that it may be discriminatory to charge private clients higher fees. There was a view that the Care Trust is using private clients to subsidise fee rates and there was general concern at this. Comments included:

- One respondent said it was not discrimination to charge private clients higher so the Local Authority and homes could work together to promote take up by private clients. They say the care is the same but the accommodation is different
- Another respondent said that the fee structure does not discriminate against private clients

- Two respondents say they charge the same rate for public and private clients. One of them stated it was morally wrong to charge private fee payers more but another said they may have to start charging private clients more
- A couple of responses say that they don't or rarely get private clients
- One pointed out that there is a very variable market in the proportion of clients that pay privately or are publicly funded and that you can't rely on getting private clients. Another said that publicly funded clients make up a large percentage of the market
- A comment was that the home will lose private fees when clients' money runs out and they change over to public funding
- A respondent said that lower demand in the Market means a lower private fee potential
- A response was “The fact that some homes charge a premium to privately funded clients is irrelevant when calculating a fair fee to be paid for publically funded clients”

3.3 Capital/ Return on Capital/ Profit (relates to Questionnaire Q.10-11, 19-20)

This was a recurring theme and concern throughout the consultation. Concerns were:

- Not clear if/where capital costs included in the calculation of costs.
- One respondent said that the cost of care was ok but there is a dramatic problem in the use of Capital believing the process to be flawed and doesn't think officers have the technical ability to assess the cost of capital.
- One respondent said that the Care Trust think return on capital should come from private fees- so private fees will need to go up.
- There was a view expressed that the ADASS (Association of Directors of Adult Social Services) model has been misapplied to get the cost of return on capital, abating property value and return on investment rate. The group response said that according to Local Authority Circular (2004)20 actual costs should include return on capital and the Care Trust was incorrect to say otherwise. Return on capital is not profit. The group response stated: “Without a realistic provision being made for return on capital in the consideration of the actual costs of care and the fees themselves, care homes simply will not be able continue to operate and meet the assessed care needs of its residents. If the return on capital becomes unsustainable then a business may not necessarily fold over night, but in trying to keep things afloat there may well be corners cut or standards compromised in desperation to maintain the service and the business.” The group response said that the methodology to calculate return on capital is flawed.

"'The TCT has misapplied the ADASS model in respect of return on capital, which itself fails to pay regard to relevant local factors"

- There was concern over the capital value of a home being abated in the costing model. The respondent said "Capital cost is the current cost in all circumstances"
- Concerns about profit- were expressed, with no room for profit or reinvestment in the proposed fees and a claim that the model gives operating margins, not profit

3.4 Costs (relates to Questionnaire Q. 7-9)

Many of the homes raised concerns regarding the assumptions. One respondent said they would make a net loss on this fees proposal. There were questions within the responses asking about different aspects of costs and whether they have been included. Several respondents have given their costs to illustrate in their view that proposal costs and assumptions are too low. Below are responses relating to different aspects of costs.

3.4.1 Staff rates

The general response was that staff rates are too low to recruit and retain staff. Several providers provided their pay scales to illustrate this opinion:

- There is no incentive to complete training and professional development. One respondent stated he pays higher wages as an incentive to complete NVQs.
- A comment was that agencies pay much higher than allocated in the proposal calculations
- One respondent said they would lose staff based on the proposal
- Domestic carers hourly rate is 1p short of the minimum wage.
- A couple of providers noted that they make use of training provided by the Care Trust and any other free training
- A couple of providers said that even currently they cannot afford to pay staff good rates and find it hard to retain staff

3.4.2 On costs, administrative and management costs and pensions

Several providers expressed concern as to the assumptions behind these costs:

- There was concern about future changes in National Insurance/pension arrangements for staff from April 2013. One respondent stated that the majority of their staff earned more than the assumed £8105 per annum and so would have to be enrolled into a work based pension scheme
- It was stated that there was an under estimation of on costs- "Management on costs- why 7.3% and not 23% as with other groupings."

- 'Management/admin costs higher for small homes like ours compared to 40 bed home.'
- One respondent said that 1 hour of admin per resident worked for them
- Human Resources consultancy and management is heavily biased to managing staff and their issues. Staff management takes a lot of time. The Care Quality Commission (CQC) would be up in arms if only 1 hour of management per week per client. They seriously dispute 1 hour of management per week per client stating it's not viable
- There was also mention of costs of sick pay, maternity and paternity pay
- A respondent noted that CQC require 5 training days per annum. Another respondent said that training does not appear to be included within the cost of care.

3.4.3 Hotel costs

Responses received expressed the general view that the assumptions and costs are too low:

- One respondent said that food costs are understated for ordinary residential care. Clients eat better and require a more extensive/expensive menu
- A respondent said that costs for bed and board are not realistic, making a comparison with hotel/bed and breakfast accommodation
- One respondent said that food and accommodation cost assumptions were similar costs to their costs

3.4.4 Other costs

- One respondent did not see any reference or inclusion of costs associated with activities, social stimulation/ outings which they see as a considerable cost pressure but necessary to meet clients needs and care standards
- Infection control is producing an increasing financial burden as is the charge for removal of pharmaceuticals
- Respondents list the equipment they loan or purchase which is very costly. Some purchase above and beyond what is required to improve quality for resident. Issues were raised with 6 week equipment loans

3.5 Complex needs and dementia [relates to Staff Hours & Ratios] (relates to Questionnaire Q.13-14)

Respondents generally say that as client needs increase, more staff time is needed and the proposed fees are not enough to cover the increased needs of clients, including dementia.

- Several respondents said that clients in residential care have more diverse and complex needs now than in the past with one noting that people moving into residential care have higher needs on verge of nursing. Residents have unpredictable needs- very variable e.g. personal care (toileting) which cannot be left and cannot plan a set number of hours of staff time. With dementia clients, needs are so variable from day to day
- Having often frailer people with more complex needs leads to shorter stays because they die [leading to voids]. There is a complete shift of care and staffing e.g. 2 people to change doubly incontinent people. Several noted that they need more staff- sometimes 3- to manage clients. A couple of respondents noted that higher turnover means there is more demand on resources, including more admissions and assessments
- "I quite understand the financial constraints we all face however if fees are reduced ... it will make no economic sense to accept residents whose care needs are so complex and who require a large amount of staff time to care for their most basic of needs." ... "We realise that the needs of residents has changed over the past years but this has to be reflected in the fee paid in order for us to employ enough staff to meet each persons needs in a dignified and compassionate way."
- Nursing needs are far more complex and more time consuming– working to support families as well– more difficult because end of life care and more staff needed.
- One respondent said that several clients have near-nursing needs and residential homes are looking after some nursing service users- which distorts and hides the true nursing demand in the market. There was another concern that money saving may mean people are or will be placed in residential care when they need nursing.
- One respondent said that they would have expected dementia demand to be higher but only 70% dementia beds occupied. People with dementia can cause damage to property resulting in additional expenditure

3.6 Banding structure (relates to Questionnaire Q.1-6)

Concern and dissatisfaction was expressed particularly around dementia:

- There was the feeling that the tool doesn't cover EMI (Elderly Mentally Infirm)/dementia as it is often more complicated than nursing home provision and specialist training is needed which is time consuming. One respondent says that a 3rd band higher than Standard Plus is needed for dementia. Another says that there needs to be a better definition of EMI- there is an understanding that this includes dementia and therefore would assume that current EMI residential bandings would apply

- One respondent had concerns regarding the application of the tool- will it be used/recognised properly with training for frontline staff in usage and how will exceptional needs categories be determined
- The group response says “The TCT appears to have failed in its equality duties by failing to consider and or enquire and provide for the different categories of resident needs within its proposed fee bands, which are not adequately sufficient or sophisticated so as to provide for all categories of care, such as dementia care”
- The tool doesn't show thresholds for different bands.
- One noted that this will mean a reduction in fees as residents in current band 2 will move down to the new Standard band. Clients have higher needs but are rarely assessed as band 3 so will go to Standard band
- A positive comment was that higher and lower needs are reflected in the tool.

3.7 Financial constraints

There were concerns raised about the costs of running a business in this climate including:

- Banks are a high risk to the sector- some care homes are going out of business. One respondent said that banks are threatening to call in loans and single operators are trying to make efficiency savings to save their businesses- EBITDA must be twice normal rates in lean times to give confidence to banks
- Concerns about cost of living increasing- fuel, food, water, waste, and not getting inflation for 2013/14
- One suggestion was charging residents for incidentals such as personal items, toiletries, laundry, entertainment, escorts to appointments and incontinence nets. Current contracts insist some of these services are provided so this would need to be amended

3.8 Occupancy (relates to Questionnaire Q.16-17)

Several respondents raised this theme:

- Points included that occupancy is a risk area and that small homes more occupancy sensitive
- One respondent said that higher turnover means more occupancy needed for homes to be viable, Another said that fees don't allow for fluctuations when homes are not full such as a flu epidemic
- Another said they cannot plan ahead as they don't know how many residents there will be

- A suggestion was a central point for reporting vacancies
- The group response said that assumed level of occupancy and private occupancy were both too high
- One respondent made the point that people want to stay living in their local area
- However, one respondent said there is an over-saturation of nursing beds and another felt that an over-supply of care beds will be allowed to linger on with the new fee proposal. However, another respondent felt there was no over capacity of beds and that the new Kingskerswell bypass will bring more people into the Bay so there will then be a shortage of beds.

3.9 Partnership working

Several responses mentioned the need for partnership working:

- Some said they appreciate visits from the Care Trust and other homes to help with improvements and to understand how they work
- One respondent said they liked schemes such as CQUIN and like to build Local Authority/care home relationships
- Another uses free training at Horizons Centre provided by Torbay Care Trust- it is a positive relationship,
- One respondent felt that people don't understand the complexities of managing a home

3.10 Quality (relates to Questionnaire Q.15)

There were concerns raised about the ability to maintain quality with the proposed fee structure:

- One said that CQC require ongoing improvement which is hard to achieve on less fees and another said the fees proposal was inappropriate to provide a decent quality of life to residents
- One respondent felt that the fee structure should reward quality- higher fees if higher quality as this gives higher performing homes incentive and opportunity to develop their services. They said CQUIN system should have been improved rather than disbanded. Others said they valued it although one said it was extra paperwork and administration which took time
- The point was raised that high quality is important especially in a Market with over supply

3.11 Themes outside of this consultation

Comments and issues were raised that are not directly linked to this consultation. These will be kept and used in future consultations and will be useful in relation to other issues.

3.11.1 Safeguarding

There was a comment that the safeguarding process was too long and had negative impacts on a home, Another said there were layers of bureaucracy in collecting information for the Contracts Team in Torbay Care Trust and for Safeguarding

3.11.2 Learning disability

There were responses from care homes with a specialism in learning disability. There were concerns about potential changes in the learning disability sector in the future, and comments about block fees, day care and waking night staff. This information can be considered as part of any future learning disability consultation.

4. Changes arising from consultation

Theme	Summary of feedback	How feedback taken into account
General views on fees	Concerns they would lose money or not survive based on the proposal. Does not cover actual cost of care or sufficiency. Group response said Model defective in calculations. Concern at accepting only parts of the Bishop Fleming report.	Transitional protection is proposed to allow time for businesses to plan. Migrating residents from old to new bands will result in both increases as well as decreases in rates. The model covers the cost of care. Following consultation feedback all pay rates included are at least minimum wage level and management and admin costs have been increased. Bishop Fleming report is not accepted (see appendix 2)
Private fee rates	Providers fed back that they did not achieve the rate of private fees listed in the Laing & Buisson South West fee estimates, others said they could only achieve about £100 above public fee rates and some told us they charged private residents the same fees as public residents Some comments indicated that homes rely on the public sector for a large percentage of their clients Felt that Local Authority wanted to rely on forcing continuation or extension of unfair practice (differential pricing) simply to subsidise the amount it wishes to pay.	Agreed to use an average of fees advertised on web for nursing care and Laing and Buisson South West rates for residential because the over supply of residential care and low demand keeps private fees unnaturally low. (National benchmark: ratio of residential to nursing care provision nationally is 52:48. In Torbay the ratio is 85:15) Nursing £658 and £755 (average advertised on web) Residential £501 and £547 (L&B SW rates) Economic impact has been calculated and transitional protection is proposed to allow time for business to change. Agreed to set 10% margin on placements purchased at publicly funded banded fee rates (35% in nursing and 50% in residential). Agreed a market based view is appropriate, reasonable and usual in a private market.
Capital/ Return on	Concern over low % return included in model and the application of abatement to capital	A revised figure for Return on capital invested of 9.5% is

Theme	Summary of feedback	How feedback taken into account
Capital/ Profit	Figures included in model for capital and property valuation were queried.	proposed to replace original figure of 7.8% and takes account of the feedback on application of abatement Following feedback revised valuations of £67.1k and £68.6 k per bed for residential and nursing homes respectively are proposed.
Costs	Staff rates considered too low, problems retaining staff and agency rates high. Concern over future pension costs. Allowance for management and admin costs was insufficient. In 1 instance pay rate is 1p short of national minimum wage. Costs of training, equipment and general administration are also brought up as an additional cost to the employer. Torbay homes are smaller than the national average of larger homes that figures are based on so issues of economies of scale and less buying power.	Allowance for staff costs in the areas of management admin, pensions and wages was increased. Staff costs increased where 1 penny short of minimum wage. Assumptions on these costs are included in the model.
Complex needs and dementia [relates to Staff Hours & Ratios]	Concern raised that there is no specialist band for EMI or dementia & that levels of need and complexity of residents are rising.	Staffing ratios/ hours were increased following a meeting with a mental health manager in response to feedback It was decided not to include a separate band for dementia because it was agreed it would be better to have a single assessment tool which could capture all aspects of an individual's physical, emotional and psychological needs. To achieve this it was agreed the domains set out in the general assessment tool would be incorporated into the mental health tool to cover all aspects of care requirements (see also Appendix 2).

Theme	Summary of feedback	How feedback taken into account
Banding structure	Concern that there was no separate band for dementia or EMI and that migration to new bands would mean loss of income. Some felt it was too rigid and simplistic to reflect individual need. Others preferred this simpler version.	(see above) Considered impact of migration to new bands and acknowledged there would be downward migration as well as upward migration in applying the revised banding structure and transitional protection is proposed to manage immediate risk. Majority of providers and staff welcomed simpler reduced banding structure.
Financial constraints	Concern over ability to support loans and investment on level of return on capital proposed.	In response to feedback a revised figure for return on capital invested of 9.5% is proposed to replace original figure of 7.8% and revised valuations of £67.1k and £68.6 k per bed for residential and nursing homes respectively is proposed.
Occupancy	Feedback on rate of turnover when needs are complex and end of life care has increased and a feeling that this made it harder to maintain levels of occupancy.	Considered but agreed need to use efficient business model and currently there are vacancies and low demand particularly but not exclusively in residential care. The fee levels cannot compensate for low occupancy rates.
Partnership working	Feedback that visits from Trust and training provided is valued.	Agreed to identify lead commissioners and contract managers and continue with bi-monthly meetings with care home owners and consider improved regular communication via newsletter or virtual network will be taken into account when structuring and integrating commissioning support.
Quality	Some concern raised that CQUIN no longer in place and concern that revised fees may affect quality.	Considered weight of feedback on complexity of CQUIN and need to decouple from fees. This does not mean CQUIN schemes cannot be considered in the future. A quality framework is being piloted with providers and will inform a future approach that meets the needs of both providers and commissioners.

Theme	Summary of feedback	How feedback taken into account
	Concern that care in the community can be more costly and not always what clients wish.	The cost of care at home compared to residential care is considered as part of individual assessment.