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Tel: 0114 293 0253

Report of: John Macilwraith
Report to: Cllr George Lindars-Hammond
Date of Decision: Mid October
Subject: Care Home Payment Model

| | | | | |
|---|-----|-------------------------------------|----|-------------------------------------|
| Is this a Key Decision? If Yes, reason Key Decision:- | Yes | <input type="checkbox"/> | No | <input checked="" type="checkbox"/> |
| - Expenditure and/or savings over £500,000 | | <input type="checkbox"/> | | |
| - Affects 2 or more Wards | | <input type="checkbox"/> | | |
| Which Cabinet Member Portfolio does this relate to? Health and Social Care | | | | |
| Which Scrutiny and Policy Development Committee does this relate to? (<i>Healthier Communities and Adult Social Care Scrutiny and Policy Development Committee</i>) | | | | |
| Has an Equality Impact Assessment (EIA) been undertaken? | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> |
| If YES, what EIA reference number has it been given? (<i>Insert reference number</i>)631 | | | | |
| Does the report contain confidential or exempt information? | Yes | <input type="checkbox"/> | No | <input checked="" type="checkbox"/> |
| If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:- | | | | |

Purpose of Report:

To approve preparatory work which will enable the Council, and the Care Homes with which it contracts, to make a transition to a new payment and charging model whereby Care Homes are paid their fee gross by the Council, as opposed to net of the resident's contribution, and Care Home residents are charged for their contribution by the City Council as opposed to by their Care Home.

A subsequent decision to implement a new payment model will be made once this preparatory work is complete, with implementation expected in Autumn 2020.

Recommendations:

Sheffield City Council, in collaboration with Council-funded Care Home residents and their families, and Council funded Care Homes, to develop operational readiness for a transition to a new payment and charging model whereby Care Homes are paid their fee gross as opposed to net of the resident's contribution, and Care Home residents are charged by the City Council as opposed to by their Care Home.

Background Papers:

(Insert details of any background papers used in the compilation of the report.)

| Lead Officer to complete:- | |
|---|--|
| 1 | I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required. |
| | Finance: <i>Liz Gough</i> |
| | Legal: <i>Steve Eccleston & Nadine Wynter</i> |
| | Equalities: <i>Ed Sexton</i> |
| <i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i> | |
| 2 | EMT member who approved submission: <i>John Macilwraith</i> |
| 3 | Cabinet Member consulted: <i>Cllr George Lindars- Hammond</i> |
| 4 | I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1. |
| | Lead Officer Name: <i>Liam Duggan</i> |
| | Job Title: <i>Head of Service, Business Strategy – Business Planning (Adults)</i> |
| Date: <i>(Insert date)</i> | |

1. PROPOSAL

- 1.1 The proposal is to implement a change project which will allow the Council, and the Care Homes with which it contracts, to make a transition to a new payment and charging model whereby Care Homes are paid their fee gross by the Council as opposed to net of the resident's contribution, and Care Home residents are charged their contribution by the City Council as opposed to their Care Home.
- 1.2 Under the Council's Fairer Charging Policy, individuals are financially assessed to determine how much financial support they are entitled to towards the cost of their care and what contribution they have to make themselves.
- 1.3 Where an individual is required to make a contribution towards the cost of their care the Council currently pays Care Home providers their fee *net* of the required contribution and requires the provider to invoice the client and collect the contribution to make up the payment to the full fee rate.
- 1.4 Sheffield City Council's current Care Home Payment Model is longstanding and consistent with the historic practice of many other Local Authorities. However it is clear that a change in practice, at a time when other Local Authorities nationally are making the same change, would mean consistency with current national guidance whilst allowing the Council to better support vulnerable people and provide improved financial assurance to the care homes with which it contracts.
- 1.5 This proposal is therefore for the Council to undertake the following tasks in order to develop the operational capability for a transition to the new payment model:
- Communication and dialogue with care home providers about the planned change and impact on their business operations
 - Information sharing with providers to understand the different charging arrangements across the city
 - Communication with and support to residents and their families to change payment details
 - Systems configuration and testing to deliver the technical capability for the change
 - Detailed planning for implementation
 - Full data collection from Care Home providers
 - Recruitment and training of Council staff to oversee the new arrangements

- Assessment of readiness for go live including the potential for a phased implementation
- Update to assessment and care management processes and practice for recording care packages on Council systems
- Communication with partner organisations affected by the change e.g. Health

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 Switching to an arrangement whereby the Council pays providers their full fee rate (and charges the resident directly for any contribution they are liable for) will ensure that charges to vulnerable people are within Local Authority control, enabling earlier identification of clients who are struggling to pay their care contributions.
- 2.2 The arrangement will provide care homes with greater financial assurance and will also reduce the administrative burden on care homes associated with charging and debt recovery.
- 2.3 It will see financial risk transferred to the Council and a changed relationship between provider and resident.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 This proposal has been driven by the need to remain compliant with national statutory guidance but the proposal itself will involve consultation and communication in order to implement the required change effectively and deliver the associated benefits to individuals and care homes.
- 3.2 It is understood from informal contact with the Care Home Sector that this change will be widely supported because of the financial assurance that the change will provide.
- 3.3 The impact of the changes on Care Home residents and their families will be minimal and will be limited to which organisation issues the invoice and to whom payments and queries are directed. This change will have no impact on the amount people pay for their care.
- 3.4 Whilst the decision to implement the changed payment model will be made by the Council, and will be informed by the national statutory guidance, there may be some of areas of discretion which will need consideration as part of this change project and which will require engagement with the sector and with Care Home residents/ their families.

Potential areas of local discretion to be explored through this change project:

1. The treatment of Third Party Top Ups
2. Billing arrangements including payment periods
3. Actual cut over date to be based on existing provider payment timings

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

Equality of Opportunity Implications

- 4.1 An Equality Impact Assessment (EIA) has been undertaken for this decision and, assuming a successful implementation of the new charging model, there are no anticipated adverse implications for people with protected characteristics. Indeed the purpose of this change is to ensure that vulnerable people are in future charged directly by the Local Authority in order that it has oversight of the charging process and can better support the avoidance of debt.
- 4.2 The Local Authority's EIA process also requires consideration of the impacts of decisions on the Voluntary, Community and Faith (VCF) Sector. It is considered that the change will benefit all care home providers – including those who fall under the VCF and/or not-for-profit category – by offering increased financial certainty.

Financial and Commercial Implications

- 4.3 The annual cost to the City Council of moving from net to gross payments is currently estimated to be £715k. This breaks down as follows:

| Area of Cost: | Estimated Annual Cost (£): |
|--|----------------------------|
| Estimated Bad Debt | 508k |
| Staffing (1xG6, 3xG5) | 152k |
| Financial Business Transactions and Cashflow | 55k |
| Estimated Annual Cost: | £715k |

- 4.4 The key financial risk to the Council is in relation to bad debt. The change will require the Council to collect around £14.5m per annum from residents, which is currently collected by Care Homes.

- 4.5 Accordingly the project will include the development of a range of mitigations which will minimise the Council's exposure to bad debt including redesigned processes which better support residents to avoid debt, optimisation of direct debits including the introduction of electronic mandates. A proportionate but robust debt collection process will be used where people have a clear liability and ability to pay.
- 4.6 This change is intended to better support vulnerable people and a key element of the change will be to ensure residents and their families are provided with timely information and advice including support claiming benefits, signposting residents to independent financial advice, and help to maximise income in support of their residential care costs.
- 4.7 Staffing costs factor in an additional administrative burden which will fall on the Council to collect this income (e.g. direct debit management, invoices and debt collection).
- 4.8 One off costs associated with implementing the change are not set out in the table above. This will be absorbed within existing change project resources allocated to the ASC Income and Payments Change Programme.

Legal Implications

- 4.9 The proposals set out in this Report are consistent with best practice as set out in the most up to date statutory guidance.
- 4.10 The decision to implement the project to make the transition to paying care homes gross (as opposed to the current practise of paying the fees net of the resident's contribution) can be taken by an Individual Cabinet member pursuant to the provisions in section 3.1 of the Leaders Scheme of Delegation.
- 4.11 The outcome of the project implementation stage will determine whether a further Individual Cabinet member or Cabinet decision will be required to implement the changes.
- 4.12 The move from net to gross payments will involve a large volume of personal data being initially transferred from care providers to the Council, to enable the Council to effectively invoice residents for their respective care costs. It will therefore be imperative that officers ensure full compliance to the General Data Protection Regulation (GDPR) in the transfer and holding of personal data, supported in this endeavour by the Council's Information Management Function.

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 In order to better protect vulnerable people with the cost of care the Council might consider simply strengthening the existing controls and monitoring arrangements with Care Homes. However, it is felt that the recommended proposal will better support individuals and care homes as well as reflecting the Statutory Guidance.

6. REASONS FOR RECOMMENDATIONS

- 6.1 This change will ensure the Council's processes fall in line with National Statutory Guidance.
- 6.2 Switching to an arrangement whereby the Council pays providers gross and charges the resident directly will ensure that charges to vulnerable people are within Local Authority control.
- 6.3 The arrangement will provide care homes with greater financial assurance and will also reduce the administrative burden on care homes associated with charging and debt recovery.

7. APPENDICIES

Appendix 1 – Letter to Providers and FAQ Sheet

18th October 2019

Dear Care Home Provider

Care Home Payment and Charging Proposal

We are starting planning and preparation in relation to a potential transition to a new payment and charging model from Autumn 2020. The proposal is that Sheffield City Council will pay its fee gross to care homes as opposed to net of the resident's contribution and care home residents will be charged their contribution by the Council, as opposed to by their care home.

The implementation of the change will be subject to Council Cabinet approval early next year and we will confirm this with providers once the decision has been made.

We are proposing to make this change to ensure we are;

- In line with national statutory guidance;
- taking prompt action when residents are struggling to pay; and
- supporting care home providers with greater financial assurance, while reducing the administrative burden on care home providers, associated with charging and debt recovery.

It is our intention to discuss the proposed change with you alongside the annual consultation on fee and charging this autumn. You will have the opportunity to discuss the proposal with the project team, as part of these already scheduled and communicated events. We will arrange additional sessions as required and in response to your feedback.

What will happen, when?

November 2019 to March 2020:

1. We will shortly be sending you a proforma to capture your current invoicing arrangements, we wish to know:
 - When you invoice - e.g. in advance or arrears, 4 weekly, calendar monthly, etc.
 - How residents pay – e.g. direct debit, standing order, cheque, etc.
 - Number and value of any 3rd party top ups.

We will require your completed proforma by no later than the **30th November 2019**, in order to inform the next phase of the planning.

2. A Cabinet Member Decision Report providing approval to commence the project will be published on Sheffield City Council's website in October 2019. We therefore anticipate some residents and their families may have questions and so we have attached an FAQ Sheet, to assist you in responding to any initial questions that are raised.
3. We hope to be in a position to inform you of a decision to implement the proposed change in care home payments and charging, together with the time frame, by no later than March 2020.

April to September 2020:

1. Should approval be given, we plan to formally inform residents and their families of the change via our Annual Contributions Letter sent out in March 2020.
2. We will work with you in preparing a strong communication plan for residents and their families, including information material e.g. posters, facts sheets, etc. to be available from April 2020. We hope that you will be able to include these in your newsletters, on notice boards and websites etc.
3. From April 2020 onwards, subject to the decision to implement, we will start working to capture and verify resident and family contact details from you, so we can begin the process of setting up new payment arrangements with them.
4. During this period (April to September 2020) your monthly RA1 return will be essential in tracking residents that move in/out of your home. Please be sure to return this promptly.
5. New contracts will be issued to reflect the new gross payment arrangements, this will also include an agreement with regards to transitional arrangements.

Should you require any clarification on the above, please do not hesitate to contact us on 0114 2734725.

Kind regards

Liam Duggan
Head of Business Planning Strategy and Improvement

Proposed Change to Payment and Charging in Care Homes

Resident and Family / Carer Frequently Asked Questions Sheet – October 2019:

1. What is the proposed change?

Sheffield City Council is proposing, subject to further approvals in the Spring, to invoice care home residents for their monthly care cost contributions from September 2020. Currently care homes invoice residents for their monthly care cost contributions.

2. How will the proposed change affect me?

The only change for the resident is that they will be invoiced for their care cost contributions monthly by the Council, rather than their care home.

3. Will my fee (care cost contribution) change as part of the proposed change?

No

4. When will the change in payment and charging happen?

Subject to Sheffield City Council's Cabinet or Cabinet Member approval, the change will happen in Autumn 2020. We are currently working to a target date of September.

5. When will I find out whether the change will happen?

Sheffield City Council will formally notify care home residents of the change from April 2020, subject to the formal decision being made.

6. What do I need to do now?

There is nothing you need to do until Sheffield City Council formally informs you of the Cabinet decision regarding the change.

7. If my questions are not answered to my satisfaction, who do I need to contact?

Should you require any further information please call Sheffield City Council's Support Desk on 0114 2734725.