



15 March 2022

To the Cooperative Executive

Please find below a response on behalf of the Sheffield Care Association (SCA) in respect of the recently published report for Cabinet relating to the annual uplift of fees for the financial year 1st April 2022 – 31st March 2023. Before I begin, I would like to say this letter does not contain an exhaustive list of all of our concerns, but an outline of these that we could produce within the timescales provided bearing in mind we were only provided with the report at 10am on Friday 11th March with a response required by 9.30am on Monday 14th March. On any level, this is insufficient time to allow us to collate a fully considered response.

By way of an introduction; the Sheffield Care Association is a membership organisation for people and organisations that work in – or with - the care sector. Its role is to advocate for the **care** sector and champion the work **care** providers do every day to help, support and look after people in **Sheffield** – including some of our most vulnerable people. We represent over 1,200 beds which equates to almost 30% of the total elderly care beds in the City. In light of the above report and insufficient response time provided, over 1,200 beds attended an emergency meeting and unanimously agreed that the recommended fee uplift is detrimental to the sector if ratified.

Whilst we welcome the decision to propose a higher level of fee, we are deeply concerned that the proposed increase does not go far enough to address the real and pressing concerns of providers. We are concerned that the summary report provided to Cabinet does not truly reflect the feedback of providers and does not portray the true challenges that providers face. Covid-19 has and also continues to have a significant financial impact upon the care home market which will continue to endure through 2022/23. Notwithstanding the increase in the proposal, it remains insufficient to provide for a viable and sustainable care home market in Sheffield.

Our primary concerns from reading the report are:

- Elements of the summary report do not take into consideration the information members of the SCA have provided. It does not fully provide the weight of concern amongst the providers we represent for the future of their Homes. The summary report includes the detailed provider feedback but do not fully take this information into consideration when setting the fees;
- Also, the proposal has been provided one working day before the deadline for comment. This does not comply with the legal framework surrounding lawful consultation. Rather, it feels like a rather crass attempt to be seen to be ‘consulting’ with providers, whereas failing to do so in substance and in reality presenting what is now a ‘fait accompli’;
- Again, parts of the report are factually inaccurate, at page 89 it states that no providers provided open book accounts, and only one provider offered to do so separately but not as part of this exercise. This is untrue and incredibly misleading. On 3 February 2022, Country Court Care submitted their care home questionnaires, and it was queried how and in what

format the accounts could be submitted. A response was provided on 4 February 2022 stating the '*most providers have asked if they can just submit in a format that is most convenient for them to avoid duplication with different local authorities etc, so we can also **accept in your own format** whatever they may be*'. The open book accounts were subsequently provided on 11 February 2022. Country Court Care are happy to provide evidence of this email exchange. The SCA have also consulted on this and a number of other members of the association have also provided their open book accounts and they would also be willing to provide evidence of this. It is therefore highly concerning that such information is being presented to the Cabinet when it clearly is inaccurate;

- The increase proposed at 3.13% which has been presented to link to investment in workforce and staff wages, is a great aspiration for us all to work towards. However, to link the enlarged increase to increasing pay now, fails to pay any or any adequate consideration to the financial pressures on the market at this time; costs per resident have never been higher. It is therefore impossible for providers to commit to this given the level of the Council's underfunding (even with the proposed increase) and suggest that the Council has fundamentally misunderstood and/or paid insufficient regard to the feedback provided on costs and occupancy. Indeed, higher costs per resident are recognised at the top of page 116, item 2.9;
- The report further acknowledges that CPI has been calculated at 3.1% as of September 2021. As of January 2022, this figure increased to 5.5% and is evidently likely to continually increase.
- The report acknowledges that the increase in fees has been calculated based on the 2017 Cost of Care exercise which is outdated and flawed. Little consideration has been given to increased costs of registration fees, insurance, utilities without focussing on the increased requirement for medical supply/equipment hire costs, which have been passed onto Care Home Providers;
- As the report for Cabinet references, current fees have been determined at an average level of operating efficiency of 80%. The fees set using the 2017 calculator is based on homes running at 90% occupancy. The formulation of the fee is therefore based upon a market which the Council is fully aware does not exist at this present time thus bearing no reflection to the current local economic conditions. This 10% difference needs to be accounted for and taken into consideration when determining the fees;
- Persisting with flat fee rates is non-sensical and, as the report mentions, Sheffield are one of very few Councils in the country to do this. The cost of caring for nursing residents or dementia residents is higher than for residential placements and hence when the weighted average of the fee is taken, this compares even more poorly against neighbouring authorities. Furthermore as the report demonstrates, Sheffield does not compare well to its neighbouring authorities despite this way of demonstrating its fees; however the way the data is presented does not demonstrate how poorly;
- National Living Wage (previously National Minimum Wage) alone has increased by more during the past 12 months than that being proposed, this is before even considering this year's NLW increase (which is an additional year on year increase of 6.6%). The fee increase proposed does not meet this additional cost which adds hundreds of thousands of pounds to our wage bill.
- With regards to National Insurance, the employers will be responsible for employers NI at a rate of 1.25%. This has not been accounted for in the report.

A number of our concerns have already been acknowledged and accepted in the report to Cabinet. Despite this, the Council still only recommends to Cabinet a minimal fee increase of 3.13%. With this recommendation and the increase in all around fees, it suggests that the Council are expecting providers to provide care at less than costs.

In addition to the above, the SCA have made continuous attempts to work with the Council to discuss the ongoing issues and pressures within the market. Monthly meetings were arranged with the Council however they are often cancelled at short notice. Attempts have been made by members of the SCA to rearrange without any or limited replies from the Council. We consider this conduct to be in direct conflict with the Council's "*ambitions to deliver long term transformation in the city's care markets that improves outcomes for people and underpins the sustainability of the market*".

As per the Government's recently issued guidance on Market Sustainability and Fair Cost of Care Fund for 2022 to 2023, a significant number of local authorities are paying residential and domiciliary care providers less than it costs to deliver the care received. While recognising the increase, the present proposals still remain insufficient and are considerably below an amount which is sustainable for providers in the long term; thus undermining the market contrary to the Council's section 5 statutory duty. We are deeply concerned that in its formulation of the fees for the coming year, the Council has failed to have proper regard to its statutory obligations and the guidance in reaching its funding decision.

It is noted that an additional £1.4 billion of funding is being provided over the next three years to assist local authorities with moving towards paying a fair cost of care. You will no doubt be aware that the 2022/23 funding, designed to ensure local authorities can prepare their markets for reform, requires local authorities to carry out a true cost of care exercise. We welcome your commitment to undertaking this true cost of care exercise within the next 6 months however we feel it would be appropriate for an interim award to be made as it would be unsustainable for the sector to continue to provide care based on these fees until April 2023.

It is essential that the Council sets sustainable fee rates. The care market is a critical front-line service and has been neglected by the Council over many years. All members of the Sheffield Care Association are passionate about the services they provide and are eager to work together with you to assist the Government with their proposals for reform and to ensure the fee setting process is fair and sustainable to meet the obligations required in 2022/23 and in the future.

We look forward to your prompt response and ask that this letter be placed before and drawn to the Cabinet's attention ahead of their meeting on Wednesday 16th March 2022.

Regards,

Sheffield Care Association

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