

**Following the correspondence below sent out on behalf of NIHCG, please be advised that reference made to Caremark was specifically Caremark Kings Lynn and no other branch.**

**Norfolk Independent Home Care Group**  
Please see correspondence

**To James Bullion – Norfolk County Council**  
**Steve Holland – Norfolk County Council**

2<sup>nd</sup> February 2017

On behalf of the Norfolk Independent Homecare Group we feel compelled to respond to the Adult Social Services Committee's recent report on proposed Fee Levels for 2017/18.

The Executive Summary states that the *"price uplifts proposed acknowledge increases in the National Minimum/Living Wage."* The proposal to increase the spot rate by £0.48 to £17.08 per hour in 2017/18 is above this year's increase in the NLW of £0.30 per hour. However, last year's increase in the spot rate was only £0.40 per hour compared to an £0.70 per hour increase in the NMW. When taken together over 2 years, and assuming these proposals are accepted, the spot rate will increase by £0.88 per hour but the NM/LW will have increased by £1.00 per hour. A 12 pence shortfall may not seem like a significant amount but for many particularly smaller homecare providers, it is the difference between breaking even and making a loss.

The report also states that *"Additional growth pressures have been included to manage recurrent increases in prices from the cost of care exercise."* Clearly as demonstrated above this is not the case.

More over the cost of care exercise, which was a joint initiative between NCC and NIHCG members identified that the true cost of delivering homecare in Norfolk is currently £17.88 per hour. This figure factors in the results of the Norfolk homecare provider's remuneration study which for the first time details actual wage rates and other relevant employment practices in the County. It also includes the UKHCA's survey results which identifies the average cost of running a homecare agency as £4.83 per hour. Even this rate of £17.88 per hour is based on a minimal profit margin of only 3.00% of turnover, which most observers would agree is insufficient incentive for owners or investors to enter or remain within the homecare sector.

The fact is that the true cost of delivering homecare in Norfolk is over £18.00 per hour when all these essential elements are taken into account. This is easily verified by reviewing the prices that providers charge their private clients. These range from £18.00 per hour on weekdays to well over £20.00 per hour at weekends.

There is also one glaring inaccuracy in the report. Section 2.8.10.2 states that the:

*"UKHCA recommends a minimum rate of £16.70 per hour."*

The UKHCA survey report makes no such recommendation. What it actually says is that the average minimum cost of providing homecare across the country is £16.70 per hour.

Crucially this rate assumes that care workers are paid only at the national minimum wage rate. It does not include supplements for working unsociable hours or any profit margin/ROI for the business owner. When these two inescapable on-costs are included, the UKHCA rate rises to somewhere around £17.88 or £18.00 per hour, as referenced in paragraphs 4 and 5 above.

In short, the level of increase proposed in the ASS Committee's report is based on factually inaccurate data and is woefully inadequate in the current economic climate. If adopted these proposals will, in our assessment, result in more homecare providers withdrawing from the market or refusing to accept ASS work.

We urge the Council to learn from the lessons of the last two years which has seen Care UK, Allied Healthcare, Housing and Care 21, Hales Group, Home Instead, Caremark (Kings Lynn) and Extra Hands all hand back ASS homecare contracts and/or refuse to take on any new ASS work.

Until the Council pays a fair rate for homecare the crisis in homecare provision will only continue. We as a group do recognize the very real financial pressures that the Council is under. However we are also somewhat puzzled by the following statement contained in Section 2.9.14 of the report:

*"In addition to the additional costs through cost of care and the impact of national living wage from 2016/17 amounting to £5.155 m, it is recommended that a further £8.784m is invested in the service to support additional price increases for care providers, including the 2017/18 increase from cost of care."*

We understand from our recent dialogue with Council officers that last year's increase in the spot rate of £0.40 per hour cost the Council an additional £330k per annum. On that basis, this year's proposed increase of £0.48 per hour is estimated to cost an additional £400k. This is a very small proportion of the total spend of £8.784 million, earmarked above for price increases to care providers in 2017/18. Indeed, an increase to £18.00 per hour, which in our assessment is what is required to avoid further market failure, would cost roughly £1.1 million which is still only 13% of the that overall spend.

We respectfully request that the Council enter into further dialogue with us to explain the basis of these recommendations. We also wish to highlight that certain members of our group invested a great deal of their own valuable time in bringing the cost of care project to fruition. To see the results of this exercise so deliberately disregarded only adds to our sense of frustration and to the long held belief amongst many of our members that whilst the Council is willing to consult, it is not always willing to listen.

**Yours sincerely**

**For and on behalf of the Norfolk Independent Home Care Group**

**Dennis Bacon, Chair of NIC has written in support of the position set out by NIHCG.**

*'the state of the home care market is precarious. Moreover, a cornerstone of NHS England's 5 Year Forward View, namely **'Keeping Me at Home'** would be impossible to implement without adequate investment in home care. It is understood and accepted that NCC finds itself in a very difficult place as regards funding from central government however, more needs to be done to build capacity as demand, especially for complex care, increases much faster than supply. It is also understood that care home beds are not going to be commissioned/supported to a greater degree in order to meet increasing demand from those eligible for support. The spectre of an impending crisis is therefore very real, indeed a majority of our members would argue that we are already entering the preliminary stages of a crisis that is seeing too many vulnerable people slipping through a net where the holes are getting larger by the day.*

*Personally, and as a founding member of the Norfolk & Waveney STP, I am concerned and frustrated by the effects of Health commissioning/CCG policy implementation, which is seeing lower rates being paid for some NHS placement contracts than Local Authority contracts. Whatever the reasons for this, the effects are unacceptable. Given the state of our acute hospitals and number of beds already occupied by people who could/should be supported closer to home (and generally at much lower cost), a more congruent, joined-up, health & social care commissioning approach is needed, one that recognises the cost of failing to deliver policies and actions that support the narrative of system leaders around investing more in community services....'*