## Appendix 1

National Minimum Wage;

Assuming existing minimum wage £ per hour and new minimum wage rate £ per hour Change = + X

% change in minimum wage = (£/£) = +2.18%

% change in minimum wage * 69% = 2.18% * 69% = +1.5%
(a)

Total uplift % = a 1.504% + 0.% = 1.504% (X%), so (X) =X%/100
= 0.015

Therefore multiplier = 1+ X = 1.015

If previous fee rate = £ per hour

New fee rate per hour = £ * 1.015 = £

The new fee rate will be rounded to ensure that ii is divisible by four due to cover 15 minute calls

## Appendix 2

## Analysis of Provider Responses to Survey:

## Introduction

The Older Peoples Commissioning Team have engaged with the provider market, for home care services, regarding the development of a new model for the domiciliary care service specification. The new contract will replace the current Community Care contract by advertising via a contract notice to allow for ongoing applications from home care providers to become contractors with Sandwell MBC.

This report summarises the responses from the providers to the "MARKET ENGAGEMENT QUESTIONNAIRE FOR NEW DOMICILIARY CARE SERVICE" a survey sent to providers on 2nd March 2021 with a 14-day response timescale.

51 surveys were emailed to Providers and 9 responses were received. Copies of the survey responses for each of the providers are attached to the end of the report as part of the Appendix.

The Providers were asked a total of 5 questions which were answered in a qualitative way. This has enabled providers the freedom to answer each question reflectively against their own experiences. Therefore, the methodology for interpreting the answers is a narrative one where emerging themes are discussed in the context of the question being asked.

## Analysis

**1. The Council is looking to procure a new model of domiciliary care that is a generic non-specialist service for older people and for adults of working age which is based on Providers being able to provide services borough wide across Sandwell rather than a town based approach.**

Nine providers responded to the survey, of which 6 were medium/larger organisations which already provide borough wide services. These providers were overwhelmingly in favour of the idea of moving away from being restricted to particular areas. Of note, even those medium/ larger providers who do not currently have a contract with the specification they cover the whole borough are doing this anyway.

However, the 3 smaller providers were more sceptical about the requirements for 1st tier providers to cover the whole borough. They expressed concerns they would be automatically excluded from being offered the other areas covered in the 1st tier contract on the basis they have not expanded to cover the whole borough.

**2. Options for how packages will be distributed are being explored, which include a mechanism for the Council to have a small group of primary (Tier 1) Providers that it can manage more closely who will have an opportunity to receive the referrals first and the balance of the Providers placed in the secondary tranche (Tier 2). All Providers would have an opportunity to apply to be considered for either Tier 1 or 2 and the final determination being according to quality score.**

The majority of responses including from the larger providers all raised concerns that Tier 2 providers would struggle to know how to meet an uncertain demand. Whereas those in Tier 1 would have a better idea of how many referrals to expect and could plan to meet that demand. One provider was strongly against this model citing a number of challenges for smaller business to grow. Not many of the providers understood the reference to quality and answers provided little insight into what the providers thought of this. One provider who mentioned the quality aspect of the Tier Model interpreted this as being an ongoing monitoring of quality using a borough wide matrix and thought this would be good for residents.

Some interesting ideas came out which led onto the next question about alternatives to the Tiered model put forward:

- Providers were concerned about diversity in the market
- Some suggested a split of referrals for e.g. 70% go to Tier 1 and 30% to Tier 2

- Have 3 tiers to enable providers in Tier 2 to be assured of more regular referrals
- Offer a separate contract for the urgent referrals (noted that this is covered in Block contract)
- Zoned approach (covering more than one town) with 2 lead providers in each zone (this was mentioned by almost half the providers but favoured by medium/smaller providers)
- Use of Dynamic Purchasing System
- Tiers that are based on average number of weekly hours

**3. The Council is required to meet need as soon as possible and have an ability to refer packages and achieve a response quickly before a package is commissioned. One way of doing this is by referring each package to Tier 1 Providers at the same time and giving Providers a fixed period of time to respond if they can meet the referral specification. Providers would be given all information about the service user which is necessary for a response to be formulated.**

**Once responses have been received by the Council, an option is being explored to ensure equity and non-discrimination is given for the responses to be processed using a system to rotate the referrals fairly between those Providers who respond within the timescale required.**

**Where the referral outcomes cannot be met by Tier 1 providers, the same process would take place with Tier 2 Providers.**
There were a range of responses to the question of “reasonable response time to referrals” answers included:

- 1 hour
- 4 hours
- Same day
- 3-6 hours
- 2-3 days

Some providers confused the timescales with a separate rapid response team which is currently covered by the 3 block contracts in place. Another smaller provider suggested 2-3 days was a reasonable timescale with 48 hours being “about right”.

Feedback regarding challenges were mainly resource related. Providers told us quick response times required resources and investment. One provider suggested their senior carers could carry ipads to enable them to review referrals away from the office. Larger providers said that other LA's use a brokerage platform which an automated system for referrals which reduces the administrative burden.

In response to alternative approaches to fixed response times providers offered no alternatives.

**4. One option the Council is exploring is to look at a costing model that is constructed on an hourly rate and that is pro rata for 30 minutes and 45minutes, which would be uplifted each April throughout the term of the Agreement.**

The responses from providers indicated that half of the providers may not have understood that this is the current payment model used. Most responded positively to the pro-rata hourly rate approach. Some providers had experience of outcomes-based approaches and said this allows greater flexibility for the client who is allotted weekly hours. Overall the payment method of a standard hourly rate was agreed to work best.

Other feedback relating to the costs of running a home care business meant that five of the nine providers who responded, raised concerns about the actual hourly rate offered by Sandwell (£15.16 from April 2021) being too low. Two providers said they thought they should be able to set the rate for their own business and thought this would depend on how many packages / referrals they received. Larger providers were felt to be at an advantage.

**5. Please feel free to use the space below for any further comments or questions you may have that we may use to consider the development of the specification.**

Suggestions and comments included:

- Increasing the use of digital tools for brokerage
- Investing in local businesses rather big national companies, to best meet the needs of the local population
- A standard fee for assessments

- An element of travel costs to be included in the hourly rates / additional payments
- Profit margins for home care are very small
- Help for smaller providers with tender processes as they say they are disadvantaged
- Concerns the Tiered approach would lead to increased inequality for smaller providers catering to the BAME communities in Sandwell
- Providers feel the hourly rate is too low but especially for smaller providers and companies run by minority groups for minority groups

## Conclusion

The provider responses received indicate there is concern by smaller local providers the Tier Model of awarding contracts threatens their business. They are particularly concerned about the application process feeling they are at a disadvantage to larger organisations with professional bid writers.

In response to covering the whole borough, 6 medium/large providers were very positive about this and welcomed the opportunity to receive referrals across the borough. The 3 smaller providers were uncertain about the requirement of 1st Tier to cover the whole borough and felt they would be disadvantaged if restricted to a smaller area and therefore smaller number of referrals as a result.

All providers raised concerns about how they could plan to expand/develop/maintain their business if they were unable to know how many referrals they would receive. This was especially concerning for the smaller providers.

The hourly rate pro-rata approach did not seem well understood by all the providers. However, they were overall in favour of an agreed hourly rate over a “task based” or “outcome based” approach. Half of the providers answered the question in such a way as to raise concerns about the hourly rate being too low in Sandwell.

Providers varied widely about what they thought a “reasonable response time” to referrals was. Answers indicated the market were not clear how the referral process under the Tier system was intended to work.