

Decision maker:	Interim Director for adults and wellbeing
Decision date:	Friday 20 April 2018
Title of report:	Care Provider fee increase for 2018 - 2019
Report by:	Adult social care commissioning manager

Classification

Open

Decision type

Non-key

Wards affected

(All Wards);

Purpose and summary

To approve the care provider fee increase for 2018/19 for contracted services delivered for care at home, day activity provision and supported living in line with the councils contractual duty.

Recommendation(s)

That:

- (a) a 2.5% increase in fees paid for contracted services, including care at home, day activities, and supported living as set out in the table below be approved to take effect from 2 April 2018

Urban			Rural			Equivalent hourly rate (rural premium) for 45 mins and 30 mins rates	24 hour rate
60 mins	45 mins	30 mins	60 mins	45 mins	30 mins		

£16.20	£12.15	£8.10	£16.20	£12.52	£8.34	£16.69	£13.12
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Alternative options

1. The council does not pay any increase to care providers. This is not recommended as the council is required to consider an annual increase as provided for in the contract, whilst also taking into consideration the wider economic climate. Analysis shows there have been a number of increases in the cost of operating care services, including but not limited, to the national living wage increases. The recommendation represents a balance between recognising the cost pressures facing care providers and the funding available to the council.

Key considerations

2. Currently the council commissions adult social care support through an active framework of providers for care at home and day activities.
3. Approximately 800 people are supported in their own homes at any one time, requiring some 12,000 hours of care each week, and just under 500 people access day activities delivered by a number of providers at locations across the county.
4. The statutory guidance stresses that councils must not undertake any actions which may threaten the sustainability of the market as a whole, including setting fee levels below an amount that is sustainable for providers in the long-term. It also emphasises the need for council commissioners to have regard to the cost effectiveness and value for money in publically funded services.
5. From April 2018, the national living wage (NLW) for workers aged 25 and above will increase to £7.83 per hour. This increase will place additional financial pressure on the providers in the care market where it is already a difficult market to recruit and retain staff. Although many staff may already be paid slightly above the NLW, the need to ensure that the sector is able to attract workers means that there will still be a cost pressure and therefore the council needs to consider how it responds to these pressures.
6. A model has been developed for care at home (domiciliary care), which models a 2.5% increase for domiciliary care and supported living based on NLW increasing to £7.83.
7. The council has responsibility for the overall market and therefore needs to take regard of self-funders in the market, who in most cases pay a higher amount compared to council social care clients; therefore it is imperative that the council reviews its fees annually as reflected in its contractual obligations.
8. The county needs to ensure that it has a vibrant and diverse home care market, which is able to respond to the demographics and emerging trends and needs of a population, which needs to be enabled to remain living safely and independently at home.
9. If the market cannot respond to the needs of the service, to help keep people living independently for longer, this will put additional pressure on other internal or commissioned services, including but not limited to, the council's rapid response and residential and nursing care home sector. This could put the council's corporate aims and

saving agenda at risk if this is not managed effectively. Experience has shown that there are certain areas of the county where it is sometimes difficult to secure providers willing to pick up new clients, in part due to the challenge of finding staff willing to work at the rates offered.

10. The previous care at home rates was agreed by Cabinet on 3 November 2016.

Summary of home care rates								
Year	Urban			Rural			Equivalent hourly rate (rural premium) for 45 mins and 30 mins rates	24 hour rate
	60 mins	45 mins	30 mins	60 mins	45 mins	30 mins		
2017/18	£15.80	£11.85	£7.90	£15.80	£12.21	£8.14	£16.28	£12.80
2018/19	£16.20	£12.15	£8.10	£16.20	£12.52	£8.34	£16.69	£13.12

11. Approximately 80% of cases fall within the urban zone, which is assessed as being within four miles of the centre of the city or one of the market towns. The council has not commissioned visits of 15 minutes in order to ensure sustainability and pick up from providers and longer calls for the individual requiring support.

12. Community impact

13. The recommendations support two of the four priorities of the council's corporate plan to:

- **Enable residents to live safe, healthy and independent lives.** Although people may be in a care home, they still need to have their outcomes met, living in a safe and healthy environment.
- **Secure better services, quality of life and value for money.** The increase in the rates will help support providers to meet the challenges faced with increasing costs.

14. Ensuring a diverse market to meet the needs of individuals to provide support to them in their own home, therefore helping them to remain independent, is vital in meeting our corporate aims and objectives.

15. The council has a duty to understand the market and ensure quality and choice is available to the county's residents, whilst also fulfilling a corporate aim to support the growth of our local community. This is integral if services are to develop to meet the future demands of our ageing population.

Equality duty

16. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
17. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. Our providers will be made aware of their contractual requirements in regards to equality legislation.
18. The Equality Act 2010 established a positive obligation on councils to promote equality and to reduce discrimination in relation to any of the nine 'protected characteristics' (age; disability; gender reassignment; pregnancy and maternity; marriage and civil partnership; race; religion or belief; sex; and sexual orientation). In particular, the council must have 'due regard' to the public sector equality duty when taking any decisions on service changes. The majority of the care workforce are women and therefore increasing the fee rate paid, demonstrates the council's commitment to the equality duty.

Resource implications

19. In 2017/18, the forecast net expenditure for these services was £12.2m and the proposed budget for 2018/19 is £12.8m.
20. The council has a budget identified for inflationary pressures and the fee increase has been modelled within the budget allocated.
21. The total 2.5% increase will equate to an approximate annual increase of £310,000, with the precise figure dependent upon the amount of care actually delivered during the course of the year.

Legal implications

22. The Care Act 2014 introduced new duties on councils to facilitate and shape the market for adult social care to meet the needs of all people in their area.
23. The new legal framework reinforces the council's duty to promote a diverse, sustainable and high quality market of care and support services. Councils are required to ensure that there are a range of providers offering services that meet the needs of individuals, families and carers. When commissioning services, councils must have regard to the cost effectiveness and value for money that services offer.

24. Setting a proper level of fee will evidence that that council is delivering its obligations to support a sustainable market which is viable and enables people to have choice in meeting their care needs, as required by legislation. Given the council's statutory duties and the contractual agreement to review annual increases, if the council was to fail to act, it would leave itself open to legal challenge which could damage its reputation and the ongoing working relationship with providers.
25. The content of the report demonstrates that the council has complied with its legal duties under the Care Act 2014 and there has been an appropriate level of engagement between council commissioners and providers to satisfy legal requirements.

Risk management

26. There is a risk for the council that providers cannot deliver the service even with the increase in hourly rates. This is being monitored through the number of care packages being handed back by providers and providers exiting the care market and understanding the reasons for doing so. Over the past year, the number of such cases has been relatively low and has been managed within the existing service.
27. In order to manage risk and potential provider failure, the council is consistently working with providers and stakeholders to support them in developing a different model of delivery, which will be sustainable and cost effective moving forward.
28. In order to manage demand, care packages are being reviewed with consideration to alternative routes of support through the council's strengths based approach either via the use of telecare or support from within the community, family and carers. This may result in a reduction of hours in the market and may have implications on the market.

Risk / opportunity	Mitigation
The total value is above the indicative figure stated due to increased demand.	This is being monitored monthly through commissioning performance dashboards to monitor trends. Demand is anticipated to level off or even decrease through the implementation of the council's strengths based approach and new care pathway in adult social care operations.
Providers do not accept the fee increase.	The council has been working with providers to look at alternative cost savings, including free advertisement for vacancies.

29. Any risks will be included on the adults and wellbeing directorate risk register and managed through standing internal performance management arrangements.

Consultees

30. Providers have been informed of the proposed increase. The care at home providers were informed of the proposal at the provider forum on 28 February and have been given the opportunity to discuss the implications of the fee changes with council officers.

Appendices

None

Background papers

None