

Record of operational decision

Decision title:	Care Providers Annual Fee Review 2023 – 2024
Date of decision:	9 March 2022
Decision maker:	Corporate Director for Community Wellbeing
Authority for delegated decision:	Authority provided by Care Providers Annual Fee Review 2020 – 2021, 25 March 2020 - Decision - Care Providers Annual Fee Review 2020 - 2021 - Herefordshire Council
Ward:	Countywide
Consultation:	<p>The fee review process included distribution of a fee questionnaire to providers across the care home, home care, supported living and community activity market. Responses were collated and used to inform the review.</p> <p>In addition, a small working group with nominated representatives from the adult care home sector was established to review the questionnaire responses and to further explore key issues identified.</p> <p>The Cabinet Member for Health and Adult Wellbeing has been consulted on the proposed fee structure for and associated uplifts for 2023/24.</p>
Decision made:	That Care Providers fees are increased, as detailed in tables one and two below, and will take effect from Monday 3rd April 2023 .
Reasons for decision:	<p>In line with contractual obligations, the council must review the fees paid to Social Care providers on an annual basis. The portfolio areas included in this review are Care Homes, Home Care, Supported Living, Shared Lives and Community Activities.</p> <p>The proposed recommendations will ensure that the council is able to fulfil its role in shaping and supporting the market place, as identified under the Care Act 2014, to support the wider care market in delivering a range of sustainable, high quality services to meet the demands of the community now and in the future.</p> <p>It is critical that the provider markets in Herefordshire are stable, able to maintain continuity and quality provision, to ensure eligible needs can be met.</p> <p>The setting of fees is an annual process and is business as usual for commissioning teams. Previous models have been applied, to inform annual reviews, based on a blend of inflationary indices (NLW & CPI).</p> <p>It is important to note that this review is also informed by a number of key challenges which care providers are currently experiencing, including:</p> <ul style="list-style-type: none"> • Staff recruitment and retention; • Increase in National Living Wage rates and national insurance contributions; • General inflation rates;

- Increasing fuel costs.

Care Homes

There are currently 86 CQC registered adult care homes in Herefordshire, with a maximum total bed capacity of approximately 2,090 beds. Herefordshire Council currently funds 738 placements for vulnerable adult customers in residential/nursing care home settings.

A Fee variation, based upon previous modelling, is proposed at an 8% increase to the current usual weekly rate for 2023/24.

In addition, it is proposed to continue to support the Herefordshire Care Association/West Midlands Care Association through paying the membership fee for adult care homes for an additional 12 months up to 31 March 2024,

Home Care

As at 1st Jan 2022, the Council commissioned home care for a total of 583 customers, delivering around 8,204 care hours.

New arrangements for commissioned home care have been in place since November 2021. The new framework approach aims to ensure availability of quality home care, to reconfigure the home care market to improve operational and financial viability and to facilitate providers to work strategically and collaboratively with the council.

A fee variation of 8.7% is proposed across home care rates for 2023/24, which equates to a blended rate at £22.57. This is thought to be one of the highest in the West Midlands and it reflects very positively for Herefordshire.

Supported Living

The council continues to work with the market to support people to live as independently as possible and to have their 'own front door'. The total number of supported living customers funded by Herefordshire Council is currently 179.

Herefordshire's current commissioning model consists of two rates – a lower rate and a higher rate. Comparator local authorities do not have a lower rate. Instead the usual model is hourly rate and a night shift allowance, this is significantly lower than the lower rate Herefordshire uses for night hours.

An 8% fee variation is proposed for both rates on the basis that a revised night shift fixed rate will be introduced through the Transformational review during 2023/24.

Shared Lives

The council took Shared Lives back to direct management in 2017. It is a CQC regulated service providing personal care.

It currently supports 62 people in long term arrangements and 14 people in respite/short breaks and currently has 43 approved Shared Lives carer households within the scheme, which is growing.

In line with the fee review process and modelling, an 8% increase in the rates paid for Shared Lives is recommended for 2023/24.

Community Activities

During 2021/22 the local authority completed a Community Activities review to consider how the council continues to meet assessed eligible need in the most efficient and cost effective way.

The review in 2023 will confirm key transformation areas including

Technology led activities, Progression to independence models, Supported Employment/Volunteering/Training and Community Connectivity, moving away from wholly building based provision and improving the overall value for money in the Day activities spend

Whilst recognising that an uplift was not given in 2022/23 and the pressures the market is currently facing, it is recommended that rates are uplifted by 8% for 2023/24.

Direct Payments

Direct payments are being increased based on the type of care that is included in personal care and support plan. The increases are shown in the table below and will apply from 3 April 2023.

Direct Payment used to provide:	Percentage increase from 3/04/23
Personal Assistant currently paid NLW	9.7%
Personal Assistant currently paid above NLW	5.13%
Employment costs (NI, holiday pay)	Zero uplift as the existing funding for additional employment costs is sufficient to cover any increases
Direct Payment support (payroll/managed account)	8%
Agency Home Care Services	8.7% (To match Homecare Framework rates)
Agency supported living	8%
Self-employed assistants	5.13%
Day/Community Activities*	8%

Highlight any associated risks/finance/legal/equality considerations:

Legal considerations: The Care Act 2014 places a duty on councils to “promote the efficient and effective operation of a market in services for meeting care and support needs.” In delivering this statutory obligation, councils must ensure the sustainability of the market and that there are sufficient high quality services available to meet the care and support needs of adults in their area.

Risk management: The fee review proposals will assist in minimising the risk of future provider failures by investing in the market and responding to stabilise an already pressured market is a mitigation.

Risk	Mitigation
The fee increase will not be passed onto frontline care workers in the form of pay increases.	Most providers are paying above the NMW. The council will expect providers to identify how they have invested in the workforce through annual business improvement plans
The fee increase alone will not be sufficient to enable all sectors to manage and respond workforce pressures.	The council recognises that many factors influence the care workforce and therefore several other elements have or will be put in place to support the market, including Herefordshire Cares branding for recruitment and retention support and passporting of grant funding and other resources when appropriate and available.
Additional budget pressure with increased demand on adult social care support.	Adults operational pathways are based on a strength based approach which is delivering reductions on the hours being commissioned and ensuring that formal care is commissioned only when it is needed
Discontinuation of services in	The financial pressures on sectors are

community services or other sectors, owing to financial or business pressures.

recognised and the council will continue to work with providers to help mitigation. This will be a focus of the implementation of new arrangements for community services in 2022. Work is in hand with home care providers on mitigating additional and short term financial pressures, including fuel costs. This will be subject to separate governance.

All risks will be managed at the Directorate level and monitored closely by the senior management team.

Financial considerations: The fee review concludes the following:

The overall additional investment required for 2023/24 is **£5,852,788** as shown in table 1 below, which is within the agreed Community Wellbeing 2023/24 budget.

Table 2 below shows the proposed fee rates for 2023/24.

	Recommendation	Financial Impact (increase in gross cost)
Care Homes	8% increase	£2,864,734
Home Care	8.7% increase for both rural and local rates £21.76 per hour £25.00 p/hour	£852,243
Supported Living	8% increase on all rates	£532,718
Shared Lives	8% increase on rate	£81,601
Community Activities	8% increase on current rates	£122,719
Shaw Trust	Estimated 8.8 % increase on current rates	£416,674
Direct Payments	Estimated on variable increases	£982,099
	Total	£5,852,788

Table 1 – Proposed uplifts by service area from April 2023

Proposed Fee Rate (£)		
Care Homes	Residential	£600.02 per week
	Nursing	£684.44 per week (plus FNC)
Home Care	Urban rate	£21.76 per hour
	Rural rate	£25 per hour
Supported Living	Lower rate	£17.04 per hour
	High rate	£19.84 per hour

Table 2 – Proposed Fee Rates from April 2023

Details of any alternative options considered and

No fee increase is given to providers. Care providers throughout Herefordshire will face significant budget pressures during 2023/24, due to the challenges detailed in this decision, therefore this is not recommended.

rejected:	<p>A minimal increase is proposed. This is not recommended workforce pressures are already evidence within the health and social care market. Providers must be able to recruit and retain staff to ensure continuity and quality services to the customers it supports.</p> <p>The council pay a higher increase. This is not recommended, whilst the council needs to invest in the market it has to be affordable and sustainable.</p>
Details of any declarations of interest made:	None.

Signed..... Date: 9 March 2023

Please ensure that signatures are redacted before publishing.