

Record of operational decision

Decision title:	Community Activities Annual Fee Uplift 2023 – 2024
Date of decision:	20 th April 2023
Decision maker:	Director for Community Wellbeing
Authority for delegated decision:	Authority provided by Care Providers Annual Fee Review 2023 – 2024, 9th March 2023 - Decision - Care Providers Annual Fee Review 2023 - 2024 - Herefordshire Council
Ward:	Countywide
Consultation:	<p>Following the recent fee review process across the care home, home care, supported living and community activities market, an initial decision was made on the 9th March 2023 to uplift community activities fees by 8% for 2023/24.</p> <p>Following this decision, further consultation has taken place with the Herefordshire Activities Together (HAT) partnership which includes a range of organisations providing community activities for adults across the county.</p> <p>The focus of this consultation has been on increasing financial pressures faced by local organisations during 2022/23, including risks of service closure due to financial viability issues.</p>
Decision made:	Community activity service fees for 2023/24 are increased as detailed in table 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, Community Shared Lives and Direct Payments.</p> <p>The proposed recommendations in relation to community activities 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. This year, providers have faced increased cost of living expenses and operating costs.</p> <p>It is important to note that this decision also informed by a number of key challenges which community activity providers are currently experiencing, including:</p> <p>Fees have remained unchanged from 2021/22 because there was no uplift agreed for 2022/23. This has meant no additional income through 2022/23 despite rising costs for providers including:</p> <ul style="list-style-type: none"> • Staff recruitment and retention • National Living Wage rates (NLW) increase for 2023/24 – 9.7% • General Inflation - CPI is currently 10.1% - predicted to fall during 2023/24 • Additional costs associated with infection control • Increasing utility costs • Increasing property/mortgage charges <p>This has meant increased risk of service closures which has result in an urgent need for mitigations in the immediate term to enable market stability during 2023/24.</p> <p>This will enable longer term work to transform commissioned services to be undertaken with new service / pricing models to enable a sustainable and viable market, increased opportunities and improved outcomes for participants.</p>

Community Activities Review

During 2022/23 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 identified key transformation areas including technology led activities, community connectivity in areas such as volunteering, training/education and supported employment, and moving away from building based provision to offer a more inclusive, co-designed model of meaningful activities. A new purchasing framework model and 12 month transformation programme has been approved and will be implemented during 2023/24.

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.

Risk	Mitigation
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 community services or other sectors, owing to financial or business pressures.	The financial pressures on sectors are 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 2023. Work is in hand with community activity providers on mitigating additional and short term financial pressures.
As charges for community activities/day opportunities apply on a full cost recovery basis, this increase will have an adverse impact on any service users that currently pay the full cost for the services they receive.	Service users will be given advance notice of the increased charges so that they can make an informed decision about continued use of the service.

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 **additional investment** required for community activities in 2023/24 is up to a maximum of **£230,000** which is within the agreed 2023/24 Council budgets and the MTFS. This will be funded from the All Ages Social Care element of the council budget.

Table 1 - Overview of proposed fee uplifts 2023/24

Sector	Recommendation	Financial Impact (increase in gross cost)
Community Activities	20% increase on current rates	Up to £230k

<p>Details of any alternative options considered and rejected:</p>	<p><u>No fee increase is given to providers.</u></p> <p>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.</p> <p><u>Financial Modelling of 8, 15, and 17% uplifts</u></p> <p>A lower uplift is not recommended given the high risk of service closures in the community activities market. Services must remain viable, providers must be able to recruit and retain staff to ensure continuity and quality services to the customers it supports.</p> <p><u>The council pay a higher increase</u></p> <p>This is not recommended, whilst the council needs to invest in the market it has to be affordable and sustainable.</p>
<p>Details of any declarations of interest made:</p>	<p>None.</p>

Signed

Date: 20/4/2023

Please ensure that signatures are redacted before publishing.