

## Record of operational decision

<b>Decision title:</b>	Care Providers Annual Fee Review 2024-25
<b>Date of decision:</b>	21 March 2024
<b>Decision maker:</b>	Director for Communities Wellbeing
<b>Authority for delegated decision:</b>	Authority provided by Care Providers Annual Fee Review 2020 – 2021, 25 March 2020 - <a href="#">Decision - Care Providers Annual Fee Review 2020 - 2021 - Herefordshire Council</a>
<b>Ward:</b>	Countywide
<b>Consultation:</b>	<p>The fee review process included distribution of a survey to providers across the care home, home care, supported living and community activity market to gather information regarding cost pressures they were experiencing. Responses were collated and used to inform the review.</p> <p>In addition, a strategic engagement event was held with care home providers in November 2023 at which fee rates were discussed; a separate consultation exercise was held with current providers of supported living services in Herefordshire regarding proposed changes to sleep in rates, during which providers also gave some feedback regarding overall rates; mid-term reviews with home care providers on the councils frameworks also provided an opportunity for providers to offer feedback on financial pressures and current fee rates.</p> <p>Intelligence from all the above has been used to inform the review.</p> <p>The Cabinet Member for Health and Adult Wellbeing has been consulted on the proposed fee structure for and proposed uplifts for 2024/25.</p>
<b>Decision made:</b>	That Adult Social Care fees are increased as detailed in table 1 below. New fee rates will take effect from 1 April 2024.
<b>Reasons for decision:</b>	<p>Local Authorities have a duty under the Care Act 2014 to meet assessed eligible care and support needs. The Care Act 2014 also places a duty on Local Authorities to shape markets and enable a sustainable and diverse range of care providers to deliver innovative and cost effective services that promotes the wellbeing of people who need care and support.</p> <p>In line with contractual obligations, the council must review fees paid to Social Care providers on an annual basis.</p> <p>Legal precedent indicates that whilst there is a need for Councils to have due regard to the cost of care this is not a singular factor in the setting of fee rates for services. In addition, there are expectations that Councils also consider factors such as:</p> <ul style="list-style-type: none"> <li>Experience of local care agency closures, lack of closures</li> <li>Over / under supply of provision</li> <li>Rates paid by other comparable LA's</li> <li>Consideration of management accounts from providers</li> <li>The position of those providers with whom it has been able to reach agreement</li> </ul>

Change or lack of change as CQC ratings  
Localised cost movements e.g. locally advertised job rates, staff turnover etc.

The Council must balance its duty under the Care Act 2014 with its legal duty to set a balanced budget when considering fees for care providers.

The proposed recommendations balance the need for the Council to meet its duties under the Care Act within financial resources available.

In determining uplifts and new fee rates for 2024/25 the council has considered the impact of increases in the cost of wages and other cost increases.

The Council has also considered benchmarking information regarding current fee rates for councils in the West Midlands (14 Councils). It has also considered latest intelligence regarding councils' proposals for fee rate increases for 2024/25 within the region.

It is also important to note that this review has considered other challenges faced by provider, informed by their feedback to commissioners. Areas identified include:

- Recruitment and retention
- Increases in NLW
- Agency staffing costs
- Utilities
- Fuel / Travel costs
- Cost of living impact on running costs
- Cost of Voids (supported living)
- Insurance
- Training

#### Care Homes

The market for care home provision in Herefordshire is buoyant, there have been no care home closures in the last 12 months and planning requests are being received for the development of new homes in the county.

Regional benchmarking of 14 councils information indicates that Herefordshire Council's standard fee rates are mid-range compared with other Councils' rates within the West Midlands.

It has been decided that an increase of 7% is applied to all care home provision with effect from 1 April.

#### Home Care

New arrangements for commissioned home care have been in place since November 2021. In November 2022 a decision was taken to introduce a secondary framework to address sufficiency challenges in the market. As a result of this the waiting list for home care has reduced from over 100 in April 2023 to under 10 in February 2024.

Regional benchmarking information indicates that Herefordshire's urban rate is the 4<sup>th</sup> highest in the region and its rural rate is 2<sup>nd</sup> highest across the region.

It has been decided that an uplift of 7% is applied to both urban and rural rates for Home Care with effect from 1 April 2024.

#### Supported Living

A new framework for Supported Living is currently out to tender with the market. The new framework maintains the current fee structure in relation to a lower hourly rate that applies to core hours and waking nights in 24/7 properties; a higher hourly rate that applies to additional 1:1 hours and the new sleep-in rate of £135 (based on a 9 hour sleep-in) which will be introduced from 1 April 2024.

The new sleep in rate that will be introduced from April 2024 brings Herefordshire Council approach in line with the majority of other Local Authorities across the region and country in relation to payment of a lower level of fee for sleep-in support. Effectively this reduces the hourly fee rate for sleep-ins from £17.04 in 2023 to £15.00. At £15.00 per hour however, this rate remains significantly above the average level of sleep in payments across the region.

In relation to the lower and higher rates in Herefordshire it is difficult to make direct comparisons with other Councils in the region as only Warwickshire council operates a similar 2 rate system, with most Councils operating a single rate.

In order to mitigate risks to the sustainability of the market in relation to Supported Living as a result of the impact on providers of the implementation of a reduced rate for sleep-ins an uplift of 8.33% is to be provided for the lower and higher rates from 1 April 2024.

#### Community Activities

The Council does not operate standard fee rates for community activities. Rates vary for individuals services based on the type of provision and level of needs of the individuals supported.

A new framework for Community Activities is currently out to tender with the market. Existing services that transfer onto the new framework will continue to be paid on the basis of current fee rates subject to any agreed annual uplift determined by the Council to be applied from 1st April 2024.

It has been decided that an uplift of 7% is applied to all fee rates for community activities with effect from 1 April 2024.

#### Shared Lives

Shared lives services remain an important part of the service offer in Herefordshire, with plans to further develop and expand services in the future.

Whilst benchmarking information relation to 2022/23 indicates that Herefordshire rates are lower than a number of other councils in the region, it is noted that the morale of shared lives carers has improved over the last year as a result of them having received an uplift in line with other services (which had not been the case previously). They also received an increase in board and lodging payments in 2023/24 with a commitment to review these annually in line with benefits increases.

It has been decided that an uplift of 7% is applied to fee rates for shared lives with effect from 1 April 2024.

Direct Payments

Direct payments can be used to fund a range of different services, with varying fee rates.

It has been decided that Direct Payments are increased by 7% from April 2024 in line with other proposed uplift levels (with the exception of supported living which is not a service routinely secured through the use of direct payments).

Standard processes will be followed where individuals in receipt of a direct payment have surplus or insufficient funds to meet their care needs.

**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.

The Local Government Finance Act 1992 sets out the duty on Councils to set a balanced budget.

**Risk management:** The fee review proposals will assist in minimising the risk of future provider failures by increasing fees to providers to assist in meeting additional costs based on increases in staff wages and other costs. It also supports the need for the council to deliver a balanced budget.

Risk	Mitigation
Market instability and discontinuation of services owing to financial or business pressures.	The financial pressures on the care sector are recognised and the council will continue to work with providers to address challenges. The council will support providers to access any additional funding that is made available to support the market where appropriate. It will also consider on a case by case basis evidence of financial pressures, through open book accounting exercises.
The fee increase will not be sufficient to enable all sectors to manage and respond to workforc challenges.	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 accessing available funding and other resources when appropriate and available to support the sector; access to available training; and development of social care workforce strategies that include the independent care market.
Additional budget pressures resulting from increased demand on adult social care	Embedding strength based approach to assessment within social work practice; maximizing the use of technology and

support.	access to aids and adaptations; working with health partners to enable individuals to access appropriate health services; working in partnership with colleagues in public health and talk communities to ensure that people are able to access preventative services and community and voluntary services
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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 2024/25 is £5,240,000 as shown in table 2 below, which is within the agreed Community Wellbeing 2024/25 budget.

Table 1 below shows the proposed fee rates for 2024/25

Care Type (1)	Care Type (2)	% uplift	2024/25 Rate
Care Homes	Residential	7%	£642.02 per week
	Nursing	7%	£732.35 per week (plus FNC)
Home Care	Urban rate	7%	£23.28 per hour
	Rural rate	7%	£26.76 per hour
Supported Living	Lower rate	8.33%	£18.48 per hour
	High rate	8.33%	£21.52 per hour
	Sleep Ins	0%	£135 per night
Shared Lives	Standard - Long Term	7%	£353.15 per week
	Enhanced - Long Term	7%	£421.09 per week
	Standard - Short Term	7%	£514.14 per week
	Enhanced - Short Term	7%	£582.05 per week
Community Activities	Various	7%	Various
Direct Payments	Various	7%	Various

Table 1 – Proposed uplifts by service area from April 2024

Table 2 below shows the financial impact of the fee uplifts by service type

Care Type (1)	Care Type (2)	Increase in gross cost (£'000s)
Care Homes	Residential	£1,900
	Nursing	£1,072

	Home Care	Urban rate	£757
		Rural rate	
	Supported Living	Lower rate	£653
		High rate	
		Sleep Ins	
	Shared Lives	Standard - Long Term	£77
		Enhanced - Long Term	
		Standard - Short Term	
		Enhanced - Short Term	
	Community Activities	Various	£120
Direct Payments	Various	£661 (budgeted at 5%)	
Total		£5,240	

Table 2 – financial impact of fee uplifts on 2024/25 budget

Appendix 1 shows information on 2023/24 fees, uplift %, 2024/25 fee and financial impact in relation to increased gross cost.

**Details of any alternative options considered and rejected:**

No fee increase is given to providers. Care providers throughout Herefordshire will face significant budget pressures during 2024/25, due to the challenges detailed in this decision, therefore this is not recommended.

A minimal increase is proposed. This is not recommended as workforce pressures are already evident 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.

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 within financial resources available.

**Details of any declarations of interest made:**

None.

Signed..... Date: 21 March 2024

**Please ensure that signatures are redacted before publishing.**

**Appendix 1: 2023/24 fees, uplift %, 2024/25 fee and financial impact in relation to increased gross cost**

	Care Type (2)	2023/24 Rate	% uplift	2024/25 Rate	Increase in gross cost (£'000s)
Care Homes	Residential	£600.02 per week	7%	£642.02 per week	£1,900
	Nursing	£684.44 per week (plus FNC)	7%	£732.35 per week (plus FNC)	£1,072
Home Care	Urban rate	£21.76 per hour	7%	£23.28 per hour	£757
	Rural rate	£25 per hour	7%	£26.76 per hour	
Supported Living	Lower rate	£17.04 per hour	8.33%	£18.48 per hour	£653
	High rate	£19.84 per hour	8.33%	£21.52 per hour	
	Sleep Ins			£135 per night	
Shared Lives	Standard - Long Term	£330.05	7%	£353.15 per week	£77
	Enhanced - Long Term	£393.54 per week	7%	£421.09 per week	
	Standard - Short Term	£480.50 per week	7%	£514.14 per week	
	Enhanced - Short Term	£543.97 per week	7%	£582.05 per week	
Community Activities	Various	Various	7%	Various	£120
Direct Payments	Various	Various	7%	Various	£661 (budgeted at 5%)
Total					£5,240