

BARNSLEY METROPOLITAN BOROUGH COUNCIL

This matter is a Key Decision within the Council's definition and has been included in the relevant Forward Plan

REPORT OF THE EXECUTIVE DIRECTOR OF ADULTS AND COMMUNITIES TO CABINET ON 16 JUNE 2021

Adult Social Care Fee uplift 2021/22 (community-based support including residential and specialist provision)

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to consider and approve the proposed uplift in fees paid to adult social care providers in 2021/22 across the full range of community-based support including residential care, home care, supported living, shared lives and direct payments.

2. RECOMMENDATIONS

- 2.1 That the Council consider the approach taken in respect of the various community support provision and approve the uplift in fees for 2021/22 as outlined in section 4 of this report

3. INTRODUCTION

- 3.1 Section 5 of the Care Act establishes a duty on local authorities to ensure a sustainable market of care in their areas. This covers all care sectors and providers of care, including community-based support – which covers a range of provision such as homecare, supported living, day care, etc. It also includes a growing sector of individual service users using personal budgets to employ Personal Assistants.
- 3.2 The approach to setting fees and agreeing appropriate uplifts is set out in the Adult Joint Commissioning Pricing and Fee Review Strategy. The aim of the strategy is to provide assurance to all stakeholders including care providers that arrangements for determining fees and uplifts are robust and provides value for money. The approach allows for uplifts to be considered on an annual basis, with consideration given to changes in business costs / conditions faced by providers.
- 3.3 The implementation of the national living wage in 2016 meant that local authorities need to consider annual wage increases in the decision-making process for setting fees or agreeing uplifts. The Government has confirmed the National Living Wage for 2021/22 (effective from 1 April 2021) at £8.91 (for workers aged 23 and above).
- 3.4 In February 2020 the Leader of the Council announced the intention to ensure all direct care providers were paid £1 above the National Living Wage under the Councils Adult Social Care contracts. This approach was also supported by Barnsley CCG.

- 3.5 The following paragraphs outline the approach and the proposed fee uplift for the various adult social care community-based support provision.

4. PROPOSAL AND JUSTIFICATION

4.1 Residential and Nursing Care (Older People)

- 4.1.1 Barnsley currently has 46 care homes operating under a framework agreement for residential and nursing care. As at the 15th of February the Council funded 783 placements across those homes and a further 97 placements out of borough at a net cost to the Council of £20.451M (net of health funding / contributions).
- 4.1.2 In 2019 the Council developed a cost of care model for determining the average cost of delivering residential care in Barnsley. The cost of care model was shared with the Barnsley Independent Care Home Association (BICHP) as part of the Council's consultation on fees. The association have previously rejected the fees produced by the cost of care model, however fee rates based on this model have been accepted for 2021/22.
- 4.1.3 Following several months of negotiation with the care home association (BICHP) the council has now reached agreement on the enhanced fee rate which includes a contractual requirement for care home providers to pay care staff £1 above the National Living Wage. The association confirmed acceptance of the proposed rate in April 21 and has recommended to its members that they also sign up to the enhanced fee rate. As of the 21st of April, 26 care homes have accepted the enhanced rate. The council has contacted providers to advise that the enhanced rate can be backdated to April 2020 should providers wish to do so.
- 4.1.4 The residential care market has been hit badly by the Covid-19 pandemic. Overall occupancy in care homes has dropped by an average of 12% leaving providers with an uncertain future due to their financial sustainability. In consultation with the care home market, they have flagged the following key concerns:
- Reduced occupancy;
 - Increased costs associated with the Covid pandemic including infection control, staffing and insurance; and
 - Recruitment and retention of staff.
- 4.1.5 The current weekly baseline fee (for those providers who have not accepted the £1 above NLW) and enhanced rate (for providers who have accepted the £1 above NLW) for residential care in Barnsley is as follows:

| 2020/21 Weekly Residential fee | Baseline rate | Enhanced rate |
|--------------------------------|---------------|---------------|
| Standard residential care | £519.79 | £559.09 |
| Residential care (dementia) | £560.87 | £607.61 |

* For Nursing care the fees remain as above with the addition of the current FNC rate of £183.92

- 4.1.6 Care Home Providers have been supported in a number of ways to address the financial challenges brought about by Covid 19. Significant CV19 funding has been

passed to care home providers (in line with grant conditions) to help prevent the transmission of CV19 and for the period March to December the Council committed to covering the cost of voids left by the death of Council funded residents in care homes at a cost of £3.098M. As such, in setting the proposed fee uplift for 21/22 the Council has not included any additional costs associated with Covid 19 with the exception of insurance which is expected to be a long-term cost increase for providers.

- 4.1.7 To address the challenges faced by care home providers (excluding Covid costs as described) an uplift of **5.6%** is proposed for 2020/21. This uplift was determined following implemented changes to the Council's cost of care model as follows:

- Staffing cost elements have been uplifted in line with national living wage i.e. 2.2% for 21/22, with the additional £1 wage supplement maintained;
- General inflationary uplift of 1.2% (based on forecast CPI rate for 21/22) has been applied to non-staffing cost elements;
- Insurance premium cost element was increased by 40% based on the outcome of the survey of insurance costs across care homes in Barnsley;
- Increase applied to the rate of return unit element within the model

- 4.1.8 The proposed 5.6% uplift will result in the following weekly rates for Older People residential care for 2021/22:

| 2020/21 Weekly Residential fee | Baseline rate | Enhanced rate |
|--------------------------------|---------------|---------------|
| Standard residential care | £548.90 | £590.40 |
| Residential care (dementia) | £592.28 | £641.64 |

* For Nursing care the fees remain as above with the addition of the current FNC rate of £187.60

4.2 Domiciliary Care

- 4.2.1 52% of homecare provision and cost is delivered via the Support to Live at Home (STLAH) and Provider of Last Resort (PoLR) framework contracts at an average hourly rate of £18.11 (2020/21). Whilst, 48% of current home care purchasing is with non-contracted providers under a spot purchasing arrangement at an average hourly rate of £20.79. The total gross cost of domiciliary care provision in 20/21 is £7.618M.
- 4.2.2 There are currently 4 homecare providers within the STLAH framework and 4 operating under the PoLR framework with several other providers operating outside the framework under a spot contract arrangement. The total number of commissioned home care hours for 2020/21 is estimated at 402,734.
- 4.2.3 The STLAH and PoLR framework contracts allows for annual uplift in the hourly fee to be considered by the authority taking into account market cost pressures and affordability. It is envisaged that this will include but not be limited to increases to national living wage.
- 4.2.4 Staff turnover, recruitment and retention have been raised as concerns by care providers, coupled with the demand for good quality care delivery as specified in

the contract. However, the following are the key financial pressures facing homecare providers in 2021/22:

- Expected rise in wages paid by providers to care staff due to increase in the national living wage
- Associated increases in other staff related costs (impact of the NLW) such as national insurance, holiday pay and training;
- Costs associated with the Covid-19 pandemic such as infection control and agency costs

- 4.2.5 To address the above pressures, a standard uplift rate of 2.23% is proposed for contracted home care providers. The 2.23% uplift to the hourly rate equates to 40 pence increase per hour giving an average hourly rate of £18.52, and covers the Government confirmed increase in national living wage (2.2%) and inflationary increases (1.2% CPI forecast rate) in non-staffing costs / overheads.
- 4.2.6 In respect of non-contracted providers operating under a spot purchasing arrangement, the Council is unable to apply the proposed 2.23% uplift as there is no written contract in place for these arrangements. Rates for non-contracted providers are agreed on a case by case basis and primarily determined by the providers. Average rates for 21/22 are currently showing as £19.68 per hour (an increase of £1.17 per hour above contracted rate). The Commissioning Plan for 21/22 includes the creation of a new framework agreement to address the levels of spot activity and mitigate the risk of increase costs in 21/22.

4.3 **Supported Living**

- 4.3.1 The council's supported living provision is delivered by contracted providers via the Adult Community Support and Enablement Service (ACSES) framework contract. This is aimed at ensuring that a greater range of needs can be met in the community so fewer people will need to be provided for in more restrictive settings such as specialist residential care or hospitals. There are currently 7 contracted providers under the framework delivering core support (building based provision) and standard care (individual client support).
- 4.3.2 The current hourly rates under the ACSES contract vary between £16.24 and £19.80 to reflect the different provision types, with higher rates applicable to complex care provision. The cost to the Council of supported living provision in 2020/21 (net of health contributions) is £9.718M.
- 4.3.3 The hourly fees were initially set at the point of contract procurement, with uplifts to be considered annually taking into account market cost pressures, which will include but is not limited to national living wage increases. Expected cost pressures are similar to those for homecare providers outlined in paragraph 4.2.4
- 4.3.3 It is therefore proposed to award a uniform uplift of 2.23% to all contracted providers in the ACSES framework contract based on NLW increases and for this to be applied to the core and standard hours of care as well as sleep-in arrangements.

4.4 **Specialist Residential (LD/MH)**

- 4.4.1 This covers specialist residential care providers (mainly learning disabilities and mental health), in and outside the borough, who are not part of the Older People residential care home framework contract. Forecast gross spend (2020/21) totals £8.592M, with the fee payable for individual client or bed ranging from £503 to £3,401 per week.
- 4.4.2 Provision is usually arranged on a non-framework spot purchase basis with fees negotiated separately and sometimes determined using the Care Funding Calculator (CFC). Fees for such provision are determined at the time of the placement subject to agreement with the provider (and form the basis of a contractual arrangement) and are influenced by the level of need for the person.
- 4.4.3 There is no standard methodology to agreeing uplift (as it is non-contracted provision) and is usually based on individual requests from providers and agreed on a case by case basis. Although work is currently ongoing with providers to establish a framework contract and an approach to determining fees (supported by the use of the Care Funding Calculator).
- 4.4.4 Specialist providers face similar financial pressures as those in the older people residential framework contract, particularly in relation to national living wage increases. Therefore, it is proposed to apply the same agreed NLW uplift (2.1%) to specialist residential provision.
- 4.4.5 In view of the wide variation in weekly fees and the range of specialist providers in use (in and outside the borough), the following is proposed in respect of fee uplift for 2021/22:
- Where costs have been set using the CFC and are currently within the agreed bandwidth an update of the CFC will be completed. This would be subject to a case by case consideration / negotiation by commissioners following a request for uplift
 - For past or old care packages where the CFC has not been used in setting the fee, the uplift would be limited to a maximum of 2.1% subject to a case by case consideration by commissioners and on request for uplift received from the provider.

4.5 Direct Payments

- 4.5.1 Direct payments (DP) represent funding given to eligible adult social care clients to promote independence, choice and control. It allows service users to procure the care or support (e.g. homecare) to meet their assessed needs that the council would otherwise have provided. Total direct payments made in 2020/21 (net of contributions and funding clawback during the year) amount to £11.217M.
- 4.5.2 An increasing number of DP recipients employ personal assistants to assist in meeting their personal care needs, who are paid a varying range of hourly rates. In such cases, service users are required as a minimum to comply with the national living wage requirements.
- 4.5.3 Under the Care Act there is a requirement to meet the assessed care needs of those that are eligible for support. Whilst there is no specific legal basis to uplift the

DP for national living wage increases or other inflationary pressures, failure to do so would result in ‘real terms’ reduction in the resource available to DP recipients to meet their assessed needs. In view of this the following is proposed:

- Uplift (by 2.23%) the current DP hourly rate from £16.86 to £17.24 per hour
- Increase the rates paid for personal assistants to £1 above the National Living Wage
- Increase the rates paid for personal assistants on a higher rate than £1 above NLW by 1.2% in line with the CPI rate for inflation
- A general inflationary uplift of 2.23% applied to all other DP funding in line with the forecast (12 month) UK inflation rate.

4.6 **Shared Lives**

- 4.6.1 This scheme provides financial support to individuals and families (carers) who offer a person with learning disability a short break or long-term care in their own home. Shared Lives carers are paid allowances (at different rates / banding that reflects needs) for the period of support / accommodation (long term or respite) provided to service users. Total gross spend for 2020/21 on the scheme is £2.265M.
- 4.6.2 There is no legal basis to apply uplift for national living wage increases (as shared lives carers are deemed ‘self-employed’). However, there is justifiable reason to consider an inflationary uplift to allowances to cover increase in general living costs (and support provided by carers).
- 4.6.3 In light of the above it is proposed to apply a general inflationary uplift of 1.2% (forecast CPI rate) to all the different rates / banding in the shared lives scheme.

4.7 **Other block and spot contracted provision**

- 4.7.1 These cover a wide range of building-based care provision provided by the independent sector, and mainly relate to day care, short stay placements /or respite provision within a residential or nursing home setting or in an adult placement scheme. Total contracted spend across this range of provision is £1.015M in 2020/21
- 4.7.2 Placements are usually arranged with specific providers through block contract arrangements based on service specification and activity levels (e.g. number of beds). Alternatively, provision is arranged on a spot purchase / ad-hoc basis depending on service user needs.
- 4.7.3 Given the diverse nature of the service provided through these contracts (and the different contracting arrangements), it is proposed that an uplift up to the maximum of 2.1% is applied, and for this to be considered and negotiated with providers on a case by case basis.

5. **CONSIDERATION OF ALTERNATIVE APPROACHES**

- 5.1 There is a duty on the council to ensure the sustainability of the care market, including all care providers and that fees are set at a level that reflects the cost of providing care in the local area. This means that the council needs to give consideration to market costs and other pressures facing providers in setting fees and deciding on annual uplifts. Section 4 of this report outline the various

approaches to determining fee uplift to providers for the different types of provision.

6. IMPLICATIONS FOR LOCAL PEOPLE/SERVICE USERS

- 6.1 Overall the increase in fees will help secure a more sustainable and diverse older people's residential and nursing care homes market focusing on outcomes, wellbeing, quality and choice, where service users will be safer and enjoy a better quality of life.
- 6.2 The continued linking of care home fees to quality expectations across all care homes in Barnsley will help to maintain the current provision giving the people of Barnsley greater choice and thereby avoiding the necessity of having to look outside the Borough for a good quality care home.

7. FINANCIAL IMPLICATIONS

- 7.1 The Council's S151 officer or representative has been consulted as part of drafting this report.
- 7.2 The financial implications to the council of the proposed fee uplifts for 2021/22 as outlined in this report are detailed below:

| | 2021/22 Uplift Requirement |
|--------------------------------------|----------------------------|
| Residential & Nursing - OP | 4,885,072 |
| Residential & Nursing - WAA | 180,453 |
| Domiciliary care | 178,948 |
| Supported Living | 199,878 |
| Direct Payments | 250,141 |
| Respite/short stay & block contracts | 21,328 |
| Shared Lives | 27,181 |
| TOTAL | 5,743,001 |

- 7.3 The annual uplift is estimated to cost £5.743M (based on outturn spend and activity levels in 2020/21). It is anticipated that some of this cost would be offset through increased contributions from service users and health.
- 7.4 The above cost would be contained within the approved 2021/22 budget for adult social care. Funding for the impact of national living wage / inflationary increases has been allowed for in the ASC budget via the council's MTFS. There is scope within the overall funding envelop to mitigate the risk of cost increases from the following:
 - rises in demand for care / support (i.e. activity levels);
 - negotiated uplift rates coming in higher than anticipated or planned;
 - implementation of revised framework e.g. domiciliary care

8. EMPLOYEE IMPLICATIONS

- 8.1 There are no implications for council employees associated with this report. The intended impact will be to improve the pay and conditions for those employed in the independent sector market thus encouraging better recruitment and retention of good quality staff.

9. LEGAL IMPLICATIONS

- 9.1 The fee uplifts proposed in this paper are in line with existing contractual arrangements with care providers.

10. CUSTOMER AND DIGITAL IMPLICATIONS

- 10.1 There are no customer and digital implications arising from this report.

11. COMMUNICATIONS IMPLICATIONS

- 11.1 The council's approach and decision on fee increases for 2021/22 would need to be communicated to care providers. This is to assist care providers in their planning and to help agree terms of pay with their care staff.
- 11.2 Barnsley council communications and marketing team will assist with accompanying press release, media communications and messages on council platforms.

12. CONSULTATIONS

- 12.1 Whilst no formal consultation is required to support fee uplifts officers from the council have consulted with the Barnsley Independent Care Home Provider Association to discuss fee proposals for residential care homes. Further correspondence has also been received from a number of other care providers and these will be responded to on a case by case basis.

13. THE CORPORATE PLAN AND THE COUNCIL'S PERFORMANCE MANAGEMENT FRAMEWORK

- 13.1 The capacity in the market directly impacts on the ability of the authority to ensure vulnerable people are provided with good quality care support in their homes or in a community setting. Performance on these arrangements forms part of the Council's performance management framework and is part of national returns.
- 13.2 The proposals set out support the Council's aim for promoting an inclusive economy, promoting a stable and sustainable environment that allows providers to grow and develop their businesses. It will enable more people to work in the sector and promote greater equity for roles across Barnsley.

14. PROMOTING EQUALITY, DIVERSITY AND SOCIAL INCLUSION

- 14.1 Sustainable good quality provision should be available to all residents of Barnsley that need it, irrespective of individual financial circumstances.

15. TACKLING THE IMPACT OF POVERTY

- 15.1 According to the latest skills for care data Barnsley has 6700 carers working across the borough. As such the Council's commitment to paying direct care staff £1 above the National Living Wage will contribute significantly to reducing the impact of poverty.

16. TACKLING HEALTH INEQUALITIES

- 16.1 A fee level that is based on the actual cost of providing a quality level of care should help ensure that all providers are able to deliver a consistent and high quality of care.

17. REDUCTION OF CRIME AND DISORDER

- 17.1 There are no implications on crime and disorder arising from this report.

18. RISK MANAGEMENT ISSUES

- 18.1 There are several risks in not paying an uplift for the range of provision that the authority commissions:

- Legal challenge (and associated legal costs) and reputational damage.
- Risk of providers leaving the care market and of provider failure due to financial instability.
- Potential impact on prevention and early intervention, which keeps people from needing more expensive care packages / interventions.

19. HEALTH, SAFETY AND EMERGENCY RESILIENCE ISSUES

- 19.1 Sustainability and capacity levels in the care market are monitored to ensure the authority can fulfil its statutory duties to meet the needs of vulnerable adults that require care and support. The Authority is responsible for dealing with provider failure and ensuring continuity of care.

If you would like to inspect background papers for this report, please email governance@barnsley.gov.uk so that appropriate arrangements can be made

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Financial Implications/Consultation



Joshua Amahwe (12/05/2021)

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(To be signed by senior Financial Services officer)