

**REPORT TO:** Executive Board Sub Committee  
**DATE:** 20<sup>th</sup> March 2008  
**REPORTING OFFICER:** Strategic Director Health and Community  
**SUBJECT:** Inflationary Increases for Adult Social Care 2008/09

## **1.0 PURPOSE OF REPORT**

1.1 To present to the Executive Board Sub Committee the proposed 2008/9 inflationary increases for Adult Social Care contracts.

## **2.0 RECOMMENDATIONS**

**That the Executive Board Sub Committee endorse:-**

- (i) an inflationary uplift for providers of Domiciliary, Residential & Nursing contracts of up to 2.5%, which is within the inflationary allowance allocated by the Council to Social Services for 2008/09.**
- (ii) an inflationary uplift of 8.24% for the Dementia fees within Halton services, in order to take into account increased financial pressures on the provider market.**
- (iii) approval of inflationary uplifts for out-of- borough placements on a case-by-case basis, limited to the 2.5% HBC inflationary increase or the prevailing Local Authority rate.**

## **3.0 SUPPORTING INFORMATION**

### **3.1 Domiciliary Care**

The Council have approved a 2.5% inflationary uplift on Social Care budgets in 2008/9. It is therefore proposed that contracts for the provision of Domiciliary Care are awarded an equivalent inflationary uplift of 2.5% with effect from Monday 7<sup>th</sup> April 2008.

Providers have been informed that, in accordance with the terms of their contract (s.2.2.4), they should submit a written application for an inflationary increase on their agreed contract prices. Providers have been advised that the deadline for applications is April 18<sup>th</sup> 2008.

It is also proposed that in accordance with s.2.2.4 of the domiciliary care contract, the inflationary increase is applied from the first Monday in April (7<sup>th</sup> 2008).

The revised rates for each domiciliary agency, assuming a 2.5% uplift, are set out in Appendix 1.

### **3.2 Residential and Nursing Care Fees**

Again, in line with the approved a 2.5% inflationary uplift on Social Care budgets in 2008/9, it is proposed that contracts for the provision of Residential and Nursing placements are awarded an equivalent inflationary uplift of 2.5% with effect from Monday 7<sup>th</sup> April 2008.

The increase suggested is in accordance with s2.2.3 of the above contracts “Unit Prices shall be increased or decreased annually in line with the inflationary allowance allocated by the Council to the Social Services Pay Budgets. New rates will be applied from the first Monday in April of each new financial year.”

The free Nursing care (FNC) Rates supplement changed in 2007/8 from three bands of £40, £87 and £139 to two bands as follows:-

- Standard £101
- High £139

The cost of the “free nursing” contribution will be met by the PCT. At the present time, there is no indication if the FNC rate will be increased in 2008 /09.

The new fees for residential and nursing care are stated in Appendix 2.

### **3.3 Dementia Fees**

This report is seeking approval to award an inflationary increase for Dementia fees in Halton at 8.24%. Appendix 3 illustrates that Halton’s current fee (2007/8 rate) has fallen behind rates paid by neighbouring authorities.

Reasons include:-

- In line with clause 2.2.3 of the contract Halton has previously restricted inflationary increases within the social services inflationary allowance.
- Other LA’s have awarded inflationary increases above their own base rate to take into account pressures on the provider market such as the impact of working time directives and minimum wage legislation.

This report therefore recommends that with effect from Monday 7<sup>th</sup> April 2008, Halton uses its discretion under contract clause 2.2.5 to award an increase of 8.24% on dementia rates to take into account some of the recent pressures faced by the provider market and to align Halton’s rate to neighbouring authority rates.

### **3.4 Out of Borough Placements**

It is proposed that the inflationary increase applied to out of borough placements is decided on a case by case basis as follows:-

- Providers to be informed that inflationary increase will be subject to submission of a written request to HBC contracts department within a specific timeframe
- Any increase within the agreed HBC rate of 2.5% to be approved and applied.

Any increase above 2.5% to be approved by a relevant Operational Director, based on the information submitted by the provider, confirmation of the host authorities approved inflationary rate and knowledge of the ongoing need for the specific service. This is consistent with historical practice.

### **4.0 POLICY IMPLICATIONS**

4.1 Prices set should be realistic to allow the Directorate to achieve a balanced budget and not too dissimilar to other neighbouring Local Authorities, to prevent shifts in the market. Appendix 3 provides a comparison of Halton's rate for Dementia services against other LA's, which highlights the need for an increase above the usual base rate inflation awarded to social care budgets.

4.2 The Contracts for Residential and Domiciliary expire in 2009. We are currently working with consultants on the development of the Residential and Domiciliary Care strategies 2009 – 2014. This work includes an analysis of costs, which will be used to inform contract prices agreed post 2009.

### **5.0 FINANCIAL IMPLICATIONS**

5.1 Providers understandably want a greater fee level. However, the cost of care including all direct costs and allowances for capital costs, property costs and return on capital has been previously modelled in 2004/5 for residential and nursing older peoples services, and the proposed fee levels suggested for Domiciliary, Residential and Nursing placements, can be financially justified under the terms of the current contract.

5.2 The additional cost incurred as a result of the recommended increase of 8.24% for Dementia placements is affordable and has been modelled within the Health and Community financial strategy to achieve a balanced budget.

5.3 All proposed fees are affordable within the financial strategy or the approved inflationary allowance allocated by the Council to Social Care budgets.

### **6.0 RISK ANALYSIS**

6.1 Failure to address the low fee for dementia placements could lead to providers ceasing to offer dementia bed spaces in Halton. This could lead to a

shortage of specialist placements for a number of vulnerable older people in Halton and the need to procure more costly placements outside of the borough.

- 6.2 Through negotiation and with regard to compliance with contractual terms and conditions, Halton BC will set a price for care and support services, effective for all providers for the 2008/09 Financial year. The price set should be realistic to ensure stability of the market and also allow Halton BC to influence the market to meet local needs.

## **7.0 EQUALITY AND DIVERSITY ISSUES**

- 7.1 Increases will be applied through a transparent and equitable process without discrimination due to age, gender, disability, religion, sexual orientation or ethnic origin.

## **8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

- 8.1 None.