

**REPORT TO:** Executive Board

**DATE:** 13 June 2019

**REPORTING OFFICER:** Strategic Director, People

**PORTFOLIO:** Children, Education & Social Care

**SUBJECT:** Care Provider Contract Uplift 2019/20

**WARD(S)** Borough-wide

**1.0 PURPOSE OF THE REPORT**

1.1 To inform the Board of the outcome of consultation discussions with domiciliary and care home providers, and the proposed annual uplift for domiciliary and care home providers within Halton for 2019/20.

**2.0 RECOMMENDATION: That**

- 1) the Board note the contents of the report;**
- 2) the Board considers the recommendations and risks; and**
- 3) Approval be given to offer the recommended uplift to care providers, for 2019/2020 and 2020/2021.**

**3.0 SUPPORTING INFORMATION**

3.1 The Care Act 2014 requires local authorities to ensure that the market as a whole remains viable and sustainable. When commissioning services, local authorities must have regard to the cost effectiveness and value for money that the services offer for public funds. However they must not undertake any actions which may threaten the sustainability of the market, and must ensure that remuneration for staff must be at least sufficient to comply with national minimum wage legislation, and that there is a 'fair price' paid for care.

3.2 One of the main challenges for the care sector has been the introduction of a new mandatory National Living Wage (NLW) for workers aged 25 and above from 1<sup>st</sup> April 2016. It was set at £7.20 an hour in 2016/17, £7.50 in 2017/18, £7.83 in 2018/19 and £8.21 from the 1<sup>st</sup> of April 2019. The target of £9.00 by 2020/21 has been reduced slightly to £8.75 according to the Office For Budget Responsibility, reflecting revisions to their earnings growth forecast.

3.3 Following the previous Executive Board report in April 2019, Halton

Borough Council have now consulted with all care home, supported living and domiciliary care providers who will be working in the Borough in 2019/20 in respect of the proposed fee increases.

3.4 All Care providers received written notification of the proposed fee increases, and were requested to respond by the 10<sup>th</sup> May 2019.

3.5 Responses were received from 5 providers, on the whole feedback was positive in response to the proposals; however a couple of key issues were raised, which Executive Board need to consider:

- Supported Living providers: sleep-in rates insufficient to cover on costs to enable them to pay the £6.00 per hour.
- One supported living provider has responded that the uplift is insufficient for them to continue to provide care in the Borough.
- A number of providers raised issues with the year 2 uplift- from the responses it appears there was a lack of clarity that year 2 uplifts excludes the normal inflationary uplift.
- 1 residential care provider has responded that the recommended uplift is not sufficient for them to continue to provide care in the Borough.

3.6 Any proposed increase in fees will need to take into account the risks in the current market, and the financial implications for the Council. The Adult Social Care budget 2019/20 for care providers was set on the assumption of an inflationary increase of 3.2%. The recommended increase to care fees is above the minimum inflationary uplift.

3.7 Based on the feedback from the care providers in the Borough it is recommended that Executive Board consider:

- An amendment to the proposed Sleep-In rates from £6.00 to £8.00 per hour.

*The legislation has changed in relation to sleep in rates, and it is no longer a requirement to pay an hourly rate, it is also proposed that we work with those providers who offer sleep-ins to review the current model of support.*

- Proposed fee increases for all other care provision should remain as previously reported to Executive Board in April.

### 3.8 Recommended Fee Uplifts

#### Direct Payments

	Current Hourly Rate	3.2% uplift	Recommended uplift
DP Basic PA Rate	9.98	10.30	No uplift
DP Complex CHC PA Rate	11.71	12.08	No uplift
DP Agency Rate	13.46	13.89	In line with Domiciliary Care

DP Sleep rate (per sleep)	70.00	72.24	In line with supported living
Respite (per week)	417.14	430.49	In line with Residential care rates

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DP Complex CHC PA Rate	11.71	12.08	No uplift
DP Agency Rate	13.46	13.89	In line with Domiciliary Care
DP Sleep rate (per sleep)	70.00	72.24	In line with supported living
Respite (per week)	417.14	430.49	In line with Residential care rates

### Care Providers

Care provision	Recommended uplift year 1	Recommended uplift year 2
Domiciliary care	£14.50	£15.90
Supported living	£14.50	£14.68
Sleep in rates	£8 per hour	£8 per hour
Care homes	£430-529	£440-564
Learning Disability Care and Mental Health Homes	3.2%	3.2%
<b>Financial Impact</b>	<b>£531k</b>	<b>£1,274k</b>

*\*Year 2 prices exclude the inflationary uplift, which will be considered at budget setting time within the MTF.*

#### 4.0 POLICY IMPLICATIONS

4.1 A new National Paper on the sustainability of the funding of Adult Social Care is due to be published soon; this may have implications on future funding models.

#### 5.0 FINANCIAL IMPLICATIONS

5.1 The increase in fee rates have been calculated based on the key risk areas, rather than an overall set increase, as detailed below.

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## 6.0 **IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

### 6.1 **Children & Young People in Halton**

None Identified.

### 6.2 **Employment, Learning & Skills in Halton**

None identified.

### 6.3 **A Healthy Halton**

The Adult Social Care budget supports the delivery of services which contribute towards this priority.

### 6.4 **A Safer Halton**

None identified

### 6.5 **Halton's Urban Renewal**

None Identified

## 7.0 **RISK ANALYSIS**

7.1 The financial pressures within this sector are well recognised both nationally and locally.

Consultation with providers has been completed over the past couple of months. The providers do recognise the financial constraints of the Local Authority, and feedback on the proposals are fairly positive.

However, there are three remaining key areas of risk:

- Sleep-In rates, the reduction in rates are being challenged by the unions and staff; this is in relation to a reduction from paying National Living Wage hourly rate. We have increased our offer slightly to ensure staff are paid £6.00 per hour, in addition we have increased the hourly rates for all hours- with the expectation that staff receive a small increase in overall salary.
- One residential care provider has responded that an additional £100 per person per week is required to prevent closure.
- One Supported Living provider has responded that the fee increase is insufficient (this provider historically was paid more per hour than the other two providers).

7.2 In mitigation, Contingency plans are being developed in response to

these key areas of risk. Adult Social Care are also working with providers to identify alternative approaches to support them with financial pressures e.g. training, procurement and alternative approaches to the delivery of care, including technology.

- 7.3 The increase in fee rates will result in paying social care staff, slightly above the National Minimum wage, or alternative staff incentives as discussed with the providers; we will also ensure that additional quality standards are implemented to improve the care and well-being of our residents.

8.0 **EQUALITY AND DIVERSITY ISSUES**

- 8.1 Agencies working under contract to the Council are expected to comply with the Council's policies relating to Ethnicity and Cultural Diversity as well as promoting social inclusion of some of the most disadvantaged people in the Borough.

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

None.