

**REPORT TO:** Executive Board

**DATE:** 15<sup>th</sup> April 2021

**REPORTING OFFICER:** Strategic Director, People

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

**SUBJECT:** Care Provider Contract Uplift 2021/22

**WARD(S)** Borough-wide

**1.0 PURPOSE OF THE REPORT**

1.1 To inform the Board of the outcome of the consultation discussions with domiciliary care, direct payments, supported living and care home providers within Halton for 2021/22.

**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 2021/22 as indicated in paragraphs 3.7-3.10 below.**

**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 In addition to the impact of Covid on the care sector one of the main challenges has been the increases associated with the mandatory National Living Wage (NLW) for workers aged 25 and above. The government has announced that the NLW will increase 2.2% to £8.91 from 1<sup>st</sup> April 2021 and will become available to people aged 23 and above, down from the current age of 25 and will have implications for the care sector as a whole. The proposed uplifts will lay the foundations for achieving a diverse and high quality sustainable market.

3.3 Following the previous Executive Board report in March Halton Borough

Council has now consulted with all care homes, supported living and domiciliary care providers who will be working in the Borough in respect of the proposed fee increases.

3.4 All care providers received a questionnaire and were requested to feedback on any increases they had identified in relation to indirect and direct staffing costs and describe any legitimate current and future costs. They were also asked to consider whether there had been any opportunities to reduce costs.

3.5 A couple of key issues were raised which the Executive Board need to consider:

- Many of the homes are facing financial difficulties due to the low occupancy levels and resultant increase in costs per bed.
- Some of the homes have identified a 10% increase in their insurance rates directly attributed to the pandemic.
- The funding from government does not cover all of the costs associated with the pandemic. For example the additional costs of safe facilitation of visits, the testing of visitors, supporting residents in isolation, workforce wellbeing and increased overheads.
- Further concerns were voiced in relation to the increased frailty and complexity of the people that are looked after and the issues relating to employing and retaining nursing staff.
- Many homes reported that they have reduced costs by reducing staffing levels and any further cost reductions would be achieved by reducing staffing levels even further.
- References were made to the uncertain future for the sector

### 3.6 **Recommended Fee Uplifts**

Any proposed increase in fees will need to take into account the risks in the current market and the subsequent financial implications for the Council. Considering the impact of living wage, pension increases, overall cost of living and our position in the market, it is recommended that we increase our care home fees slightly more than domiciliary care and supported living to bring us more in line with our neighbouring authorities.

3.7 A proposed 2.2% increase for domiciliary care

2020/21	Increase by (£)	Recommended uplift 2021/22
£16.46	£0.36 (2.2%)	£16.82

3.8 A proposed 2.2% increase for Supported Living Providers

2020/21	Increase by (£)	Recommended uplift 2021/22
£15.19	£0.33 (2.2%)	£15.52

3.9 A proposed 2.2% increase for direct payments would see an increase from £10.70 to £10.94 for the basic rate. There are additional costs associated with being a Direct Payment employer, which include £99.00 per year annual insurance and £200 annual payroll fees. These additional on costs have not been included in the calculations below.

	2020/21	Increase by (£)	Recommended uplift 2021/22
Basic Rate	£10.70	£0.24	£10.94
Complex Rate	£12.00	£0.26	£12.26
DP Agency Rate	£16.46	£0.36	£16.82
DP Sleep rate (per sleep)	£66.24	£1.46	£67.70
Respite (per week)	£455.40 pw	£10.02	£465.42

3.10 A proposed 3.0% increase for care home rates

	2020/21	Increase by (£)	Recommended uplift 2021/22
Residential	£455.40	£13.66	£469.02
Residential Dementia	£550.62	£16.52	£567.14
Nursing	£496.80	£14.90	£511.70 (excl FNC)
Nursing Dementia	£583.74	£17.51	£601.25 (excl FNC)

3.11 The care home sector has been devastated by the effects of the pandemic and without this financial commitment from the Council care homes may not be able to continue financially. Willingness from providers to engage in projects may reduce and we may not be able to fully achieve our aspirations for the sector.

4.0 **POLICY IMPLICATIONS**

4.1 The White paper, Working together to improve health and social care for all was published on 11<sup>th</sup> February 2021 and 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 across the sector as a whole. The uplift proposed is within current budget provision and any increase over 3%

would exert financial pressure on the Adult Social Care budget.

## 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 that 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. Although providers understand the financial risks the Local Authority are facing, the ongoing burden of low occupancy levels, Covid costs and the difficulties in the recruitment of nurses is severely affecting the sector. The consultation highlighted that in order to further reduce costs the sector's only option was to reduce staffing levels that will undoubtedly influence the quality of care provided.

7.2 In mitigation, the recommendations are to agree fee rates that provide a slight increase for the care homes over the rest of the sector. Adult Social Care will continue to work 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 Government has confirmed that they intend to provide the NHS and social care with additional funding past April 2021 to support the next phase of the response to Covid 19. The precise financial details have yet to be released but will continue to support the sector with infection control measures.

7.4 The increase in fee rates will enable employers to meet the increased National Minimum Wage. We will also ensure that additional quality standards are implemented to improve the care and well-being of our residents and will continue to aim to adopting the principles outlined in UNISON'S Ethical Care Charter.

**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.