



EXECUTIVE MEMBER DECISION

REPORT OF:	Executive Member for Adult Social Care and Prevention Executive Member for Finance and Governance
LEAD OFFICER:	Director of Adult Services and Prevention (DASS)
DATE:	5 March 2020

PORTFOLIO/S AFFECTED:	Adult Social Care and Prevention
------------------------------	----------------------------------

WARD/S AFFECTED:	All
-------------------------	-----

KEY DECISION:	YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>
----------------------	---

SUBJECT: Adult Social Care Provider Fee uplifts for the 2020/2021 Financial Year

1. EXECUTIVE SUMMARY

Blackburn with Darwen Borough Council commissions support for over 2400 local adults and older people, with eligible social care needs, per annum. The majority of commissioning relates to external care and support services provided by independent sector providers and the voluntary, community, faith and charitable sector. The net commissioning budget for these services is currently £38.8m for 2019/2020, and is subject to large scale pressures that have been well documented nationally due to increasing demand for services, rising costs and the impact of austerity. This report sets out the rationale, financial context and analysis underpinning the award of rate uplifts to external providers for the 2020/2021 financial year, in order to meet rising costs associated with increases in the National Living Wage.

Blackburn with Darwen Finance Council resolved on 24 February 2020 to delegate authority for the agreement of hourly rates and contract changes for social care providers for 2020/2021 to the Executive for Adult Social Care and Prevention, in consultation with the Executive Member for Finance and Governance.

2. RECOMMENDATIONS

That the Executive Member:

1) Agrees to a percentage increase in fees for the following services:

- Residential and nursing care including Intermediate Care beds, fee increase of 4.34% effective from 1 April 2020.
- Older People and Physical Disability Domiciliary Care, framework fee increase of 5.6% effective from 1 April 2020.
- Shared Lives, fee increase of 1.5% in line with CPI effective from 1 April 2020.

- Learning Disability/Mental Health Domiciliary Care, fee increase of 3.92% effective from 1 April 2020
- Supported Living Providers, fee increase of 4% effective from 1 April 2020 and a minimum payment of £15.00 per hour applied where the increase would leave the hourly rate below this figure.

2) Further agrees that:

- Direct Payments, no change to current rate however if a recipient is no longer able to meet their needs within the current budget, the necessary adjustments will be made on an individual basis. Similarly, if a person's needs change within the year, their scheduled review will be brought forward and their support plan and personal budget adjusted accordingly.

3) Further agrees that:

- The Extra Care schemes that are commissioned on a purely block contract basis will receive an uplift of 5.6% which equates to £85,800 pending the retender process due in the new financial year. For the new scheme model that is tied to the domiciliary framework an increase of 5.6% will be applicable.

3. BACKGROUND

The Finance Council meeting of 24th February 2020 recommended that delegated authority be given to the Executive Member for Adult Social Care and Prevention, in consultation with the Executive Member for Finance and Governance, to agree the hourly rates and contract changes with social care providers in 2020/2021, applicable from April 2020.

The National Living Wage had been planned for an increase of 5.6% with effect from 1st April 2020 (for workers aged 25 and above). However, following the election in December 2019, this was increased to 6.2%. Due to the pressures already identified in the Council's Medium Term Financial Strategy (MTFS), uplifts have had to be calculated using the original 5.6% NLW expected uplift.

The increase in NLW has a significant impact on our external social care providers, including residential and domiciliary care. The commissioning budgets included in the 2020/21 budget, and in the Medium Term Finance Strategy (MTFS), include some provision for increases in provider hourly rates and contract changes from the increase in the National Living Wage effective from 1st April 2020. However management of the increased cost (and further NLW rise) will require continued delivery of efficiencies, savings plans and alternative delivery models. It is acknowledged that even though the age range normally quoted is for workers 25 and above, part of the workforce (around 10%) are in the 18 to 24 age range.

Whilst the NLW will now increase by 6.2%, it should be noted that wages are just one component of and not the full cost of delivering services. This proportion varies depending on the type of provision, with residential care labour costs being around 70% of total cost. Whilst labour constitutes a significant component there are other aspects of providers' cost base that are met by the overall rate paid by the Council and which may also be subject to change. These may include pension, care registration, insurance and utility costs. It is acknowledged that domiciliary care fee rates for older people in the Borough have been low compared to neighbouring authorities, and these providers are increasingly reporting difficulties in recruitment, therefore an increase of 5.6% is to be applied to the framework rate to help close any gap.

4. KEY ISSUES

Residential and Nursing Care

Local Authorities are required to set sustainable rates for the care they commission, however Providers in the Borough have historically been reluctant to engage in Fair Price for Care exercises and share cost and income information with the council which makes it difficult to agree appropriate fee levels. A future Pan-Lancashire cost enquiry is being planned through the Regulated Care Sector work stream.

It should be noted that the market is funded in a number of ways: council supported placements, third party top-ups, CCG funded residents through NHS Funded Continuing Health Care, joint-funded placements and additional care payments via the council and CCG and self-funded clients. Total income is under-pinned by occupancy levels and many local homes within the Borough continue to enjoy very high levels of occupancy. The enhanced quality scheme within the Borough further supports the financial viability of the sector. Whilst there have been no home closures in the Borough in this financial year, some residential providers are having to consider their business plans as demand for placements fall due to the successful promotion of care at home and extra-care housing strategies to support vulnerable people. The market position statement has identified an over-provision of residential beds and vacancies is causing some providers difficulties.

It is recommended that residential and nursing home providers receive an uplift of 4.34% to bolster the cost of National Living Wage increase whilst considering the proportion of provider costs which are likely to be impacted by NLW increases. During 2020/2021 the Quality team within strategic commissioning will be reviewing homes to identify those providers who would warrant enhanced fee levels, should further funds become available in the future.

Domiciliary Care for Older People and adults with a Physical Disability

This service framework supports circa 846 frail, disabled and vulnerable local adults and older people in their own homes with intimate and essential personal care. Examples include getting in and out of bed, dressing, managing nutrition, using the bathroom and mobilising around their home.

The sustainability of the home care market has continued to be under scrutiny recently, given widespread funding pressures and cost constraints. All provider organisations, be they private or charitable, need to generate a level of surplus for reinvestment into the business and this has proved hard to achieve for a significant number of providers.

Blackburn with Darwen Borough Council fee has over recent years become more comparable within the North West region and although the market has been tested during the 2017/18 tender exercise, all providers on the new framework will be significantly impacted by the further rise in the National Living Wage. It is recommended that domiciliary care providers receive an uplift of 5.6% as a means to meet the requirements of the National Living Wage and to enable the sector to remain financially viable. This represents an increase in unit cost from £13.68 to £14.44 per hour. Further to this, a supplement of 25% will be applied to this rate for the handful of cases where care is provided within a specified rural location. This is in acknowledgement of additional travel and rota considerations.

Learning Disability Provision within a supported living environment

This service supports adults with a learning disability and/or mental health condition in small group homes or apartments to remain as safe and independent as possible. This is generally provided by a constant 24/7 staff presence or occasionally through outreach support, depending on the needs of the individuals. Providers received significant uplifts in line with guidance in 2018 to ensure that sleep-in rates were national living wage compliant. The proposed uplift will also be applied to the sleep-in element of this provision. This can be revisited as part of the new framework. Most provision within Blackburn with Darwen is block contracted under the Learning Disability Commissioning Framework

and these services are due to be re-tendered during the year. It is recommended that an automatic uplift of 4% is applied pending the tender process as a means to meet the requirements of increase in the National Living Wage. Work will continue with providers on switching to the new model of service and will continue via targeted project work, to reduce commissioned hours in order to contain, as far as possible, the impact of the uplifts within the current spend.

Learning Disability/Mental Health domiciliary care for people living alone or with family/carers:

This service supports adults with a learning disability and/or mental health condition within their own homes to remain as safe and independent as possible. This may include physical, emotional and social support. This service is due to be re tendered within the year and as part of this process it is envisaged that a number of rates will be consolidated into a single rate. It is recommended that an automatic uplift of 3.92% is applied to each rate pending the tender process as a means to meet the requirements of the increase in the National Living Wage. Following the uplift, any rate falling beneath the threshold of £14.44 will be adjusted upwards to meet this level.

Extra Care

This service provides 24hour on-site support for older people in dedicated extra care housing schemes, including Kingsway and Spring Bank Court. The current provision is subject to a block contract with an Independent Provider which is due to be re-tendered in the new financial year. This provider did not receive an uplift in 2019/2020 therefore it is reasonable to apply an uplift of 5.6% to provide a viable rate in the interim.

In terms of the new extra-care provision, the care contract has been devised on a new model of block and individually commissioned hours tied to the Older People and Physical Disability domiciliary care contract. This one service will receive a 5.6% uplift to both the spot and block hours.

Shared Lives

Shared Lives provides family based care and respite for adults with a disability and older people. It is a highly cost effective option with excellent outcomes for the individual, when compared to residential care or supported living. Weekly rates for shared lives care were reviewed in 2018 and three bandings applied. These will be increased in line with the Consumer Price Index (CPI) that for the purposes of this report is 1.5%.

Direct Payments

The purpose of a Direct Payment is to provide service users with choice and control in designing an individualised package of care and support. Some users who employ their own personal assistants have been able to pay in excess of the National Living Wage as they do not have the same overheads to pay as, for example, a domiciliary care organisation. As a result, people with such an arrangement would not necessarily be affected by the increase in National Living Wage. Other individuals may have historically used elements of their budget to buy care directly from an agency and therefore potentially be subject to an inflationary increase in costs during the year.

It is therefore proposed that Direct Payments do not receive an automatic uplift. Instead, any person who is no longer able to meet their care and support needs within the existing budget would be advised to contact the Council for a review of their needs. The outcome of this review would determine if and by how much the level of the direct payment would need to be adjusted.

5. POLICY IMPLICATIONS

The Care Act 2014 requires that local authorities should work towards the long term sustainability of the care market through setting realistic fee rates and understanding the true cost of providing care

locally.

The proposed fee uplifts have been set at a level that takes into account current market conditions in Blackburn with Darwen. They incorporate changes to the living wage in addition to other factors such as changes in Employer contributions.

6. FINANCIAL IMPLICATIONS

The table below sets out the gross cost of the fee uplifts proposed in this paper using activity as at December 2019 to estimate the overall costs:

	£
Residential & Nursing (inc Intermediate Care)	1,091,900
Domiciliary care	365,900
Supported Living	634,500
Shared Lives	8,200
Learning Disability Domiciliary Care	38,900
Extra Care (New Scheme)	28,600
Extra Care Block Contract	85,800
Total Fee Uplift Cost	2,253,800

The commissioning budgets included in the 2020/2021 budget, and the Medium Term Finance Strategy (MTFS), include some provision for increases in provider hourly rates or contract changes arising from the increase in the National Living Wage, effective from 1st April 2020. However, management of the increased cost (and further NLW rise) will require continued delivery of efficiencies, savings plans and alternative delivery models. Therefore, all agreed uplifts to provider fees need to be balanced against the provision for NLW within the MTFS and expected savings plans.

For 2020/2021 the overall cost of the proposed uplifts is £2,253,800, the portfolio will need to request a cash limit increase for the NLW provision within the MTFS via the first financial monitoring report of 2020/21. The additional cost above the NLW provision will be supported by efficiency targets identified within the 2020/2021 budgets.

Any future cost of the provider fee uplifts for 2020/2021 on final completion of contract negotiations will need to be met from within the overall budget for Adult Social Care. The effective date of the 2020/2021 uplifts is specified within the recommendations above in line with the payment periods for the new financial year.

7. LEGAL IMPLICATIONS

Section 5 of the Care Act 2014 requires local authorities to promote the efficient and effective operation of a market in services for meeting care and support needs in their area. This proposal will assist the Council's efforts to ensure that there is a stable market to provide for the care needs of the local community. This includes the need to ensure that providers can remain viable, and can attract and retain staff to provide the care to the required standard.

8. RESOURCE IMPLICATIONS

The resource implications of implementing these proposals will be absorbed by the Strategic Commissioning – People team with regards to contractual changes; and to Finance Team to administer payment changes.

9. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below. Where appropriate please include the hyperlink to the EIA.

Option 1 ☐ Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2 ☒ In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision.

Option 3 ☐ In determining this matter the Executive Board members need to consider the EIA associated with this item in advance of making the decision. *(insert EIA attachment)*

10. CONSULTATIONS

Providers have been consulted through provider meetings and meetings with individual organisations. Providers have been written to with details of proposed uplifts. Feedback has been limited with one residential provider and two supported living providers querying the sufficiency of the uplifts. As a result of feedback received, it is now recommended that the residential 4.34% uplift will be applied across all placement types (a lower rate of 2.9% had been anticipated for standard residential placements). As for supported living, the recommendation is now that the 4% increase will also be applied to night time rates as well as daytime rates. Individual work on rates will continue with the provider who has queries about sustainability.

11. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

12. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded in the Summary of Decisions published on the day following the meeting.

VERSION:	4.0
-----------------	------------

CONTACT OFFICER:	Mike Banks, Head of Strategic Commissioning Zoe Evans, Head of Service, Finance
DATE:	11 March 2020
BACKGROUND PAPER:	

