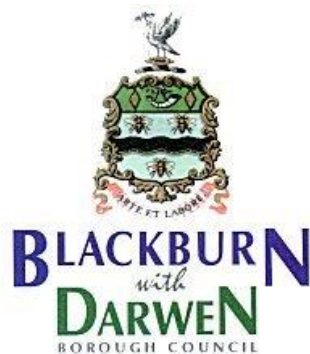


EXECUTIVE MEMBER DECISION



REPORT OF:	Executive Member for Health and Adult Social Care Executive Member for Finance and Governance
LEAD OFFICERS:	Acting Director of Adult Services and Prevention (DASS)
DATE:	3 rd March 2022

PORTFOLIO/S AFFECTED: Health and Adult Social Care

WARD/S AFFECTED: (All Wards);

SUBJECT: EMD Adult Social Care Provider Fee uplifts for the 2022/2023 Financial Year

1. EXECUTIVE SUMMARY

Blackburn with Darwen Borough Council commissions support for over 2300 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 £55.7m for 2021/22, 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. In addition 21/22 has proved to be yet another exceptional year for the care sector due to the Covid 19 pandemic; the issues faced by providers during the pandemic will have an enduring impact on the care market and the price of care in the future. Covid 19 has resulted in a change to the care economy and a general increase in the acuity of care needs and the Council is beginning to see general care costs much higher than in previous years. In addition the care sector along with the whole economy is subject to escalating inflation in respect of the cost of living including but not limited to fuel, energy and food price increases.

As such the costs of social care provider fee uplifts in 2022/23 are expected to be significant. This report sets out the rationale, financial context and analysis underpinning the award of rate uplifts to external providers for the 2022/2023 financial year, in order to meet rising costs associated with increases in the National Living Wage, National Insurance and to address the lack of parity of provider rates across the Lancashire and South Cumbria Health and Social Care system. Our low starting base compared to near neighbours is a significant risk with the potential for some providers to exit the market impacting on the local authority's ability to meet its statutory duties. In addition the Government has published a White Paper on reforms to the Adult Social Care system which sets out a 10 year vision for adult social care. These social care reforms are expected to be implemented from April 2023 and there is an expectation that new funding will be provided to Councils by the Government to fund this change. In the interim a new Market Sustainability and Fair Funding Grant has been allocated to Council's for 22/23 which is assumed to be one-off grant and it is intended to utilise the funding to:

- conduct a fair cost of care exercise to determine the sustainable rates for care and identify how close the Council are to these sustainable rates;

- to engage with our providers to improve data on operational costs and number of self-funders to better understand the impact of reform on the local market and improve market management to ensure markets are well positioned to deliver reform.

All these factors have been taken into account alongside the issue of affordability and the 2022/23 provider uplifts have been recommended in line with the current Medium Term Financial Plan.

Blackburn with Darwen Finance Council resolved on 28th February 2022 to give delegated authority to the Strategic Director for Adults and Health, in consultation with the Executive Members for Adult Services and Prevention, and Finance and Governance, to agree the hourly rates and contract changes for Social Care Providers for 2022/23.

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 7.85% effective from 1 April 2022.
- Older People and Physical Disability Domiciliary Care, framework fee increase of 9.85% effective from 1 April 2022
- Shared Lives, day support fee increase of 7.22% to reflect the increases to National Living Wage uplift effective from 1 April 2022.
- Shared Lives, weekly banding fee increase of 5.4% in line with current Consumer price index (CPI)
- Learning Disability/Mental Health Dom Care, fee increase of 9.85% in line with the National Living Wage and National Insurance increases and including some inflationary consideration capped at a standard hourly rate of £17.62 equivalent to our nearest neighbour's current rate for LD Dom Care.
- LD Supported Living Providers, fee increase of 7.85% in line with the National Living Wage and National Insurance increases up to a standardised rate of £17.30. This brings these providers in line with the current rates of our nearest neighbour.
- Direct Payments, Personal Assistant, fee increase of 7.85% in line with the National Living Wage and National Insurance increases.

2) Further agrees that:

- Direct Payments - it is proposed to revise the existing direct payment agency rates (standard, enhanced and exception), in line with Domiciliary rates proposed above.

3) Further agrees that:

- The Extra Care schemes that are commissioned on a block contract basis will receive an uplift of 5.4% in line with CPI rates effective from 1 April 2022 where they have been agreed in the contract. Where 1:1 hours are contracted separately they will remain aligned to the domiciliary care rate.

3. BACKGROUND

The Finance Council meeting of 28th February 2022 resolved to give delegated authority to the Strategic Director for Adults and Health, in consultation with the Executive Members for Adult Services and Prevention, and Finance and Governance, to agree the hourly rates and contract changes for Social Care Providers for 2022/23, applicable from April 2022.

The National Living Wage announcements include an increase of 6.6% with effect from 1st April 2022 (for workers aged 23 and above).

The increase in NLW has a significant impact on our external social care providers, including both residential and domiciliary care. The recently announced National Living Wage increase to £9.50 in 2022/23, an increase of 6.6% on the previous financial year, is significant and coupled with the employers National Insurance rise of 1.25% represents a much higher pressure than in previous years. There is still a lack of parity of provider rates across the Lancashire and South Cumbria Health and Social Care system, our lower starting base compared to near neighbours is a significant risk with the potential for some providers to exit the market impacting on the local authority's ability to meet its statutory duties. However, as noted above, the Government have issued a new Market Sustainability and Fair Funding Grant for 2022/23 and it is the Council's intention to undertake a full fair price for Care review early in 2022/23 to further inform the proposed rates for 2022/23 in comparison to the existing benchmarking with nearest neighbours.

In respect of the national living wage 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 expected at around 70% of total provider 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.

The commissioning budgets included in the 2022/23 budget, and in the Medium Term Finance Plan (MTFS), include provision for increases in provider hourly rates and contract changes from the increase in the National Living Wage effective from 1st April 2022 and an uplift in 2022/23 which narrows the fees gap across the system.

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 Pan-Lancashire cost enquiry was planned through the Regulated Care Sector work stream however this work has been delayed due to the Covid pandemic and will now be replaced by the Fair Cost for Care exercise required under the terms of the Market Sustainability and Fair Funding Grant. The Council is awaiting further information from Government in respect of the detailed requirements.

It should be noted that the market is funded in a number of ways: council supported placements, CCG funded residents through, NHS Funded Nursing Care, NHS Continuing Health Care, joint-funded placements, additional care payments via the council and CCG and self-funded clients. Providers can also secure additional income through third party top-ups. Whilst we acknowledge that the proportion of self funders and or third party tops ups may be smaller in Blackburn with Darwen than in other LA areas due to the Borough's population demographic, this still applies to a significant number of

placements. Total income is under-pinned by occupancy levels and in previous years many local homes within the Borough have continued to enjoy very high levels of occupancy. Occupancy levels within our local homes have reduced significantly during the Covid 19 pandemic which requires providers to review their existing business models. During the pandemic the Council has supported the sector with a variety of additional Covid 19 costs, and we will continue to do so, subject to available funding, separately from the annual uplift in rates, however the proposed rates do seek to narrow the gap between Local Authority rates across the Lancashire and South Cumbria Integrated Care System.

The enhanced quality scheme within the Borough further supports the financial viability of the sector and will be reviewed alongside the Fair Cost for Care exercise to confirm if the scheme remains fit for purpose. With one home closure in the Borough in this financial year, some residential providers are having to consider their business plans as demand for placements fall, due to a change in individual preference to maintain independence and the successful promotion of care at home and extra-care housing strategies to support vulnerable people. In addition our previous market position statement has identified an over-provision of residential beds so existing vacancies in addition to those caused by the pandemic are causing some providers difficulties.

Inflationary increases continue with a CPI currently at 5.4%. With utility costs expected to rise by up to 50% in 2022/23, significant increase in care home insurance premiums and general inflation increases on food and building maintenance further adds to the pressures facing some providers.

It is therefore recommended that residential and nursing home providers receive the full NLW/NI uplift of 7.85% to recognise the cost of National Living Wage, employers national insurance and general inflationary increases.

Domiciliary Care for Older People and adults with a Physical Disability

This service framework supports circa 780 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. In addition the home care market has seen significant challenges in terms of the recruitment and retention of care sector workforce. All provider organisations, be they private or charitable, need to generate a level of surplus for reinvestment into the business and this has proven 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 however our rates still remain much lower than our neighbouring authorities and the lack of parity across the system presents a significant challenge for these providers. All providers on the framework will be significantly impacted by the increase in the National Living Wage, Employers National Insurance and significant increase in non pay inflation. It is recommended that domiciliary care providers receive an uplift of 9.85% as a means to meet the requirements of these pressures including the National Living Wage and to enable the sector to remain financially viable. This represents an increase in unit cost from £15.60 to £17.14 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. Most provision within Blackburn with Darwen is contracted mainly through block contracts with some 1:1 support hours. Work will continue with providers on switching to the new model of service which will include review of core, background, 1:1 and sleep in hours.

It is proposed that an uplift of 7.85%, in line with National Living Wage and Employer National Insurance increases is applied, being a standardised rate of £17.30. This brings these providers in line with the current rates of our nearest Local Authority neighbour.

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. Many providers on the framework have been paid at differential rates and it is proposed that a fee increase of 9.85% in line with the National Living Wage and Employers National Insurance, capped at a standard hourly rate of £17.62 equivalent to our nearest neighbour's current rate for LD Dom Care should be applied.

The Learning Disability and Mental Health domiciliary care rate should be equivalent to that for the domiciliary care rate for older people and adults with a physical disability, however an uplift is applied to recognise the impact of increased staffing costs from the National Living Wage and Employers National Insurance increases. Work will continue with providers to align these rates in future years.

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 for these schemes is subject to a block contract with an independent provider and is due to be re-tendered.

In terms of the recent and new extra-care provision at Riverside Heights and Albion Mill, 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.

The Extra Care schemes that are commissioned on a block contract basis will receive an uplift of 5.4% in line with CPI, and taking into account National Living Wage increases effective from 1 April 2022, where an uplift has been agreed in the contract. Where 1:1 hours are contracted separately they will remain aligned to the domiciliary care rate.

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 CPI rate of 5.4% and will be reviewed as part of the wider review of Shared Lives services to be undertaken in 2022. An increase of 7.22% is proposed for the day care support hourly rate to bring the hourly rate to £9.50 per hour in line with National Living Wage requirements.

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. Currently, direct payment rates and thus the amount paid to the individual are calculated on an individual basis depending on the service the individual chooses to engage, agencies for example have different rates. It is proposed that the Personal Assistant rate is increased by 7.85% in line with the National Living Wage and National Insurance increases whilst the agency rates (standard, enhanced and exception) are aligned to the approved Domiciliary rates proposed above.

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 September 2021 to estimate the overall costs:

	£
Residential & Nursing (inc Intermediate Care)	1,871,147
Domiciliary care	889,834
LD/MH and Supported Living	949,243
Shared Lives	52,655
Extra Care	216,782
Direct Payments	536,994
Day Care/Other Accommodation	41,642
Block contracts	101,756
Total Fee Uplift Cost	4,660,053

The fee uplifts detailed in this paper for our external providers for the 2022/2023 financial year are proposed in order to meet the rising costs associated with increases in the National Living Wage, Employers National Insurance, general price increases and address the lack of parity of provider rates across the Lancashire and South Cumbria Health and Social Care system. Our low starting base compared to near neighbours is a significant risk with the potential for some providers to exit the market impacting on the local authority's ability to meet its statutory duties. However, as noted above, the Government have issued a new Market Sustainability and Fair Funding Grant for 2022/23 and it is the Council's intention to undertake a full fair price for Care review early in 2022/23 to further inform the proposed rates for 2022/23 in comparison to the existing benchmarking with nearest neighbours.

All these factors have been taken into account alongside the issue of affordability and the 2022/23 provider uplifts have been recommended in line with the commissioning budgets included in the 2022/23 budget, and provision in the Medium Term Finance Plan (MTFP).

During the Covid pandemic the Council has supported the sector with a variety of additional Covid 19 costs, and where specific funding is allocated for the pandemic the Council will continue to do so separately from the annual uplift in rates.

The proposed rates seeks to bring Blackburn with Darwen rates closer to other Local Authority rates within the Lancashire and South Cumbria Integrated Health and Care System.

For 2022/2023 the overall cost of the proposed uplifts is £4.7m, the portfolio will need to request a cash limit increase for the provider fees provision within the MTFP via the first financial monitoring report of 2022/23

Any future cost of the provider fee uplifts for 2022/2023 on final completion of contract negotiations will need to be met from within the overall budget for Adult Social Care. A comprehensive range of Demand Management strategies and alternative ways of delivering services remains in situ within the

portfolio to contain ongoing financial pressures from increased costs associated with provider fees, demand and demographic change.

Any future cost of the provider fee uplift for 2022/23 which arise as a direct result of the Market Sustainability and Fair Funding exercise will be subject to further review and reporting in line with the Medium Term Financial Plans.

The effective date of the 2022/2023 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. *(insert EIA link here)*

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 largely positive on the 7.85% to offset the costs of National Living Wage and Employers National inflation increases. However, most providers felt that this fell short of meeting the additional inflationary burdens expected on insurance premiums, utilities, food and fuel costs and does not address the disparity between Blackburn with Darwen rates and other Local Authority rates within the Lancashire and South Cumbria Integrated Health and Care System.

Occupancy levels have also dropped significantly since the start of the pandemic with many providers now operating on 80% occupancy and not the 90% pre-covid levels and providers felt that the fee model should be reflective of this reduction.

As a result of feedback received, it is now recommended that the residential 7.85% uplift will be applied across all placement types and 9.85% on Domiciliary care to acknowledge the significant inflationary pressures on care providers. In addition the Council will undertake a Fair Price for Care review in the early months of 2022/23.

Supported living increase will also be applied to night time rates as well as daytime rates, however there is no increase planned for sleep ins until the wider Supported Living model is reviewed.

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 and published if applicable.

VERSION:	1
CONTACT OFFICER:	Zoe Evans
DATE:	3 rd March 2022
BACKGROUND PAPER:	