

31st March 2014**Agenda Item: 9****REPORT OF THE SERVICE DIRECTOR FOR BROXTOWE, GEDLING AND
RUSHCLIFFE****NEW RATES FOR INDEPENDENT SECTOR CARE AND SUPPORT
SERVICES****Purpose of the Report**

1. To inform members of the proposals for annual inflationary costs for care and support services commissioned by the department from the independent sector providers, including voluntary organisations.

Information and Advice

2. In accordance with the National Health Service and Community Care Act 1990 the Council has contractual arrangements in place with independent sector care providers to govern the provision of care and support services.
3. The Council funds 3,585* people in total in long term residential and nursing care home placements. This includes those individuals who are residents of the County but who have chosen to live in a care home in another part of the country.
4. The Council commissions a range of care and support services such as home care and day care services from independent sector providers to help people to remain living independently in their own homes. Currently, there are approximately 10,480* people who meet the Fair Access to Care Services (FACS) eligibility criteria who are receiving community based care and support services across all service user groups. People who receive these services are required to contribute to the cost of these services in accordance with their financial circumstances and based on a financial assessment. Some service users will be meeting the full cost of their care.

Fees for Independent Sector Residential and Nursing Care HomesCare Homes for Older People

5. During 2012, the Department completed a comprehensive review of its Fair Price for Care framework and fee levels for independent sector older persons' care homes. The proposed new fee structure and fee levels were approved by Policy Committee on 13 February 2013,

* Information from the Performance Improvement Team as at December 2013.

having been considered by Adult Social Care and Health Committee on 4 February 2013. As part of the proposals, members approved the application of an index related inflation formula, to be applied annually, to independent sector older persons' care home fees with effect from April 2014.

6. Calculations based on the agreed index show that the inflation increase for older people's care homes for 2014/15 would be 0.616%. It is proposed that this is applied to older persons' care home fees with effect from 7 April 2014.

Care Homes for Younger Adults

7. Specialist care home placements, for example, for adults with physical and/or learning disabilities, head injuries, or challenging behaviour, have entailed individual negotiations through the application of the 'Care Funding Calculator' for high cost placements. This tool is used by many local authorities and health commissioners when determining and reviewing fees in order to ensure value for money and to enable benchmarking across the region for the cost of complex care. The tool also provides a robust framework for agreeing a fair and transparent price for each placement based on the needs of the individual service user.
8. Alongside the implementation of the Care Funding Calculator, the Council has completed an accreditation process and has in place a contract for services with those providers that are able to meet defined quality indicators and which meet the Council's specific commissioning objectives.
9. The accredited care home providers were given a 2% inflationary increase alongside all other in county younger adult residential providers in 13/14. Given the financial pressures facing the Council over the next three years, it is proposed that 0% inflation is applied for these services. However, it is recognised that care providers will experience cost pressures arising from a proposed increase in the National Minimum Wage and new requirements to put in place and contribute to pensions for their employees. To counter these additional cost pressures, the Council will continue to work with providers to support them to make further efficiencies in their operating costs wherever possible.
10. The Council continues to fund placements in a small number of homes where the providers have retained their provision at lower than average costs. Given the anticipated staffing cost pressures, it is proposed that the Council undertakes negotiations with those providers on an individual basis, where required, so as to ensure they are able to sustain their services and fully meet the needs of the residents.

Fees for Community-Based Care and Support Services

11. The Council continues to extend and expand its range of community-based support services such as home care and extra care for older people, and supported living for adults with learning disabilities in accordance with the key strategic objective of helping people to live independently in their own home for as long as possible.

Home Care and Extra Care Services

12. Home Care and Extra Care services are subject to market testing through competitive tender processes on a regular basis, usually every 3 – 5 years. Tendering provides the

Council with the opportunity to test the market through an open and transparent competitive process in order to seek best value from providers. The last tender for home care and extra care was completed in 2007 and the current contracts have been in place with the providers since April 2008.

13. At Council in September 2013, members approved the commencement of the tender for home based care and support services. The tender is due to be completed and contracts awarded by the end of March 2014. Fees will therefore be set in accordance with tendered prices.
14. Whilst the new contracts will commence in April, any providers that are new to Nottinghamshire will require an implementation period to enable them to secure a local office base, register with the local office of the Care Quality Commission, and enable staff TUPE transfers from exiting providers as well as recruiting and training new staff.
15. In order to facilitate a smooth transition from the existing contracts to the new contracts, the Council has sought an extension of the contract with the existing providers for a period of six months. This allows the transfer of service users in a phased way thereby reducing the risk of disruption to service users and their carers and also to the care workers who will be subject to TUPE transfers.
16. As indicated above, the existing contracts have been in place since April 2008 and over the past three years, the Council has not applied an inflationary increase for the home care services. Whilst it is recognised that the costs of providing the services will have increased during this time, a consistent approach has been applied across all social care services whereby providers have been required to drive down costs by delivering the services more efficiently. However, some of the current home care providers have indicated that they are seeking an inflationary increase for the period of the contract extension.

Supported Living

17. During 2008, the Council completed a tender for care, support and enablement services, which supports adults with learning disabilities to live in the community and the new contracts commenced as of 1 October 2008. A further tender was conducted, in 2011, with additional contracts being awarded for learning disability, physical disability and mental health services.
18. The Council is currently undertaking a further tender and therefore it is proposed that 0% inflation is applied to these services.

Day Care Services

19. During 2012/13, the Council completed an accreditation of independent sector day care providers. One element of the accreditation considered the providers' compliance with the day service rates set by the Council and which are aligned to the Council's own day services.
20. Members will be aware that the Council's own day service provision has been reviewed and further savings are planned through the reconfiguration of the day centres. Given on-going

financial pressures and the need to continue to deliver further efficiencies, it is proposed that 0% inflation is applied to external day services as with the majority of social care services.

Shared Lives Services

21. As the Council has developed and expanded its Shared Lives scheme, the fee rates payable to Shared Lives carers have been reviewed during 2013/14. The new fee structure implemented in 2013/14 involved aligning fee levels with individual needs in five bands. A number of carers had an increase in their fee as a result of this exercise and those who would have seen a drop, were protected at their existing rates for as long as their current care arrangements lasted. Therefore it is proposed not to give any inflationary increase to shared lives carers.

Other Options Considered

22. The fee proposals in relation to older persons' care homes are set in accordance with the index linked inflation formula as agreed by Policy Committee in February 2013. As outlined above, the tender for home care, extra care and supported living services will give providers the opportunity to submit their hourly rates and these will be considered as part of the procurement and contract award process. Options were considered for the remaining adult social care services, however, it was not considered feasible to apply inflationary increases across the board given the Council's wider budgetary pressures and savings requirements.

Reason/s for Recommendation/s

23. The proposed fee increase of 0.616% for older people's care home services is in accordance with a previous decision made by Policy Committee as part of the new Fair Price for Care Fee structure.

24. Given the financial pressures faced by the Council over the next three years, the Council has identified the need to seek further cost efficiencies in relation to all areas of care services including from services provided by the independent and voluntary sector. As such, it is proposed that 0% inflation is applied to the services. This will not impact on the vast majority of the care services which are currently subject to tenders and where the fees will be determined through a competitive process.

25. For the remaining services, the fees are set in negotiation with providers based on the specific needs of individual service users and where appropriate through the use of the Care Funding Calculator. The only exception to this is a small number of care homes for younger adults where the 'standard' fees remain below those of older adults' care homes. In these circumstances, it is recommended that the Council takes in to account the providers' ability to continue to deliver good quality care services, as and where required.

Statutory and Policy Implications

26. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Implications for Service Users

27. During this time of significant financial constraints and the requirement on independent sector care providers to deliver further efficiencies, the Council continues to work with them to ensure that the services they provide are of good quality and meet outcomes for service users whilst at the same time delivering value for money. The Council undertakes annual quality audits with contracted providers which considers how providers are meeting outcomes for service users.
28. The Council undertakes annual reviews in relation to those people who require care and support services and who meet the Fair Access to Care Services (FACS) eligibility criteria. These reviews ensure that the services are meeting people's identified outcomes. Unscheduled reviews are also undertaken as and where the needs of individuals change in order to ensure that the services they receive continue to meet their needs.

Financial Implications

29. The cost implications of applying a fee increase of 0.616% for older persons' care homes will be £440,429 based on the current numbers of council funded residents across Nottinghamshire.

Equalities Implications

30. The Council continues to work in partnership with providers of care and support services to ensure that there is a viable and stable market of provision to meet the needs of vulnerable older people and people with disabilities across the County.

Human Resources Implications

RECOMMENDATION/S

It is recommended that Committee approves:

- 1) application of an index linked inflationary increase of 0.616% for all council funded older persons' care home placements for 2014/15, commencing from 7 April 2014
- 2) application of 0% inflation for home care, extra care, supported living services and external day care services
- 3) continuation of cost negotiations for younger adults care home placements and Shared Lives schemes based on individuals' needs.

CAROLINE BARIA

Service Director for Broxtowe, Gedling and Rushcliffe

For any enquiries about this report please contact:

Constitutional Comments (LM 18/03/14)

31. The Adult Social Care and Health Committee has delegated authority within the Constitution to approve the recommendations in the report.

Financial Comments (KAS 19/03/14)

32. The financial implications are contained within paragraph 29 of the report.

Background Papers

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

None.

Electoral Division(s) and Member(s) Affected

All