

**REPORT OF THE CHAIRMAN OF THE ADULT SOCIAL CARE AND HEALTH
COMMITTEE****FAIR PRICE FOR CARE – OLDER PERSONS' CARE HOME FEES****Purpose of the Report**

1. To inform Policy Committee of the work undertaken to review the current local 'Fair Price for Care' framework and the associated fee levels for independent sector older persons' residential and nursing care homes in Nottinghamshire.
2. To seek approval of the new fee structure to be implemented from April 2013, over a five year period, as recommended by Adult Social Care and Health Committee.
3. To seek approval for an index related inflation formula to be applied annually to independent sector older persons' care home fees with effect from April 2014.
4. To seek approval to review and revise the criteria for determining future dementia placements to focus on those service users where their primary need for residential or nursing care is dementia.
5. To seek approval to develop new processes to help improve the quality of care, with a particular focus on dementia care, including:
 - a) Implementation of higher level of fees to providers who are able to evidence high quality dementia care.
 - b) Development and implementation of 'Beacon Status' award to providers who can evidence excellent care services.

Information and Advice

6. In 2008/09, the Council commenced implementation of a local 'Fair Price for Care' framework. The framework was introduced in recognition of the following:
 - The need to increase fee levels to reflect increasing costs faced by care home providers.

- To provide incentives for care home providers to continuously improve the quality of the care services, with a particular focus on providing and developing good quality dementia care.
7. The fee levels were set in consultation with older persons care home providers and their representative organisation the Nottinghamshire Care Association (NCA). The 'Fair Price for Care' framework was initially intended to cover a four year period. However, subsequently, the fee increases were phased in over a period of five years, with the final increases being applied in 2012/13. The application of annual inflationary increases has been considered separately through the Council's normal annual budget setting process. For the last two financial years, 2011/12 and 2012/13, inflation for externally provided services has been 0%.
 8. Over the past two and a half years, some care home providers or their representative organisations have brought legal challenges against local authorities in relation to their fee levels and also for the ways in which their fee levels have been determined and set. The successive court rulings have placed a requirement on councils to consider the 'actual costs' faced by their local care home providers. Councils have also been required to ensure that the fee levels will support sufficient and sustainable capacity and choice of care home provision within the local market.
 9. In order to set care home fees for 2013/14 and beyond, and in considering the legal context, the Council has completed a comprehensive review of its current fee levels, the details of which are being considered by the Adult Social Care and Health Committee on 4 February 2013. The report proposes a new structure for fees and the development of new processes to help improve the quality of older persons' residential and nursing care provision in Nottinghamshire. The proposal before ASCH Committee is that it recommends to Policy Committee approval of the proposals outlined in that report. As such, it is vital that Members give detailed consideration to the report to ASCH Committee which is referenced as a background paper.
 10. The review of the fee structure has included undertaking a two-stage consultation process to determine actual costs of providing older persons' residential and nursing care in Nottinghamshire.
 11. Stage 1 of the consultation process has entailed conducting a survey of local older persons' care home providers. The information and data provided by the care homes has been aggregated and analysed to establish the actual costs of care, including costs related to the provision of dementia services. This analysis has also included consideration of factors such as the size of the home and geographical locations in order to determine their impact on provider costs and capacity.
 12. The data identifying providers' actual costs was then considered alongside the Council's key priorities for health and social care services for older people and also the future needs for residential and nursing care across the County. This information together has informed proposals for fee levels for 2013/14. The

proposals have included the annual inflation related increases beyond 2013/14 as determined by an inflation formula which is based on indices that are relevant to social care services.

13. Stage 2 of the consultation process has entailed seeking the views of the care home providers in relation to future fee proposals including ascertaining the impact of the proposed fees in relation to capacity and sustainability within the local market.
14. Overall, the providers that responded to the consultation were supportive of the proposal to retain the local 'Fair Price for Care' framework and the five bandings, including the annual audit process, on the basis that the framework provides an incentive to continuously improve the quality of care. Providers also welcomed the proposal to apply an annual inflation related formula to fees as a means of ensuring the fees continue to reflect actual costs.
15. The Council has also consulted on its proposals to continue to develop and promote good quality care services and to focus particularly on improving the quality of dementia care. These proposals entail:
 - Development and implementation of a new process for the identification and allocation of higher fee levels for dementia services to those homes which are able to demonstrate high quality dementia care.
 - Development of a 'beacon status' award to a selection of care homes that are able to demonstrate excellent care services. These homes would have a specific remit to promote best practice within their locality. This reinforces the importance on the care sector playing an active part in improving the quality of care home provision across the County.
16. In addition, the Council is proposing that a review is undertaken of the criteria used by social care assessment staff for determining which service users have dementia as their primary care need and who, as a result, require a placement in a residential or nursing home which can meet this specific need.
17. Providers who responded to the consultation challenged the Council's assumptions on two key factors on which the fee proposals had been based. These relate to:
 - Average occupancy levels
 - Assumptions about staffing levels.
18. The Council has given due consideration to all of the issues raised by providers, including the two key issues above, in order to ensure that future fee proposals continue to support a viable local market of provision to meet current and future needs. Consideration has also been given to ensuring that the fee levels and the fee model continues to enable providers to improve the quality of care.

19. The Council has also considered comparative data from other sources such as Laing and Buisson who collate national data on costs of care home provision through their 'Fair Price for Care' costing toolkit.
20. As identified above, one of the key factors identified by local providers in their response to the consultation, and highlighted in the latest Laing and Buisson research (2012), is the increased cost pressures arising from higher dependency and higher levels of needs of older people, which requires providers to have higher levels of staff.
21. Having considered the feedback from providers, the Council has revised its initial fee proposals in recognition of the need for higher staffing levels as a result of greater dependency and increasing need of older people in care homes.
22. The Council is proposing that fee levels are increased by an average of 11.8% across the five bands and the total estimated additional cost of the proposals is £6.8 million for 2013/14.

Implications for service users

23. The Council has completed an Equality Impact Assessment in order to consider whether the implementation of the new fee structure is likely to have any adverse impact on specific groups of people within Nottinghamshire and in doing so has considered the actions it will put in place to mitigate against these. The proposals are for an increase in payments to care home providers which should make care homes more viable and to enable the quality of care to be improved. Additionally, the proposals include applying annual index linked inflation to the fees to reflect increasing costs and therefore financial viability of care homes.

Recommendations

It is recommended that Policy Committee:

- 1) notes the findings of the local Fair Price for Care consultation process and the fee proposals arising from this
- 2) approves the new fee structure as recommended by the Adult Social Care and Health Committee
- 3) approves 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
- 4) approves the review and revision of the criteria for determining dementia placements to focus on those service users where their primary need for residential or nursing care is dementia

- 5) approves the development of new processes to help improve the quality of care, with a particular focus on dementia care, including:
 - a) implementation of higher level of fees to providers who are able to evidence high quality dementia care
 - b) development and implementation of 'Beacon Status' award to providers who can evidence excellent care services

COUNCILLOR KEVIN ROSTANCE

Chairman of the Adult Social Care and Health Committee

For any queries regarding this report please contact:

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Constitutional Comments

24. The Policy Committee has delegated authority within the Constitution to approve the recommendations in the report.

Financial Comments (RWK 24/01/2013)

25. The additional cost of the fee proposals set out in the report is estimated to be £6.8 million. This additional financial pressure will need to be considered by Policy Committee and the County Council in determining the County Council's 2013/14 Budget and the County Council's Medium Term Financial Strategy (MTFS) for the period 2013/14 to 2016/17.

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.

- a. Local Fair Price for Care – Older Persons' Care Home Fees. Report to Adult Social Care and Health Committee – 4 February 2013

Electoral Division(s) and Member(s) Affected

All.