

29th March 2021

Agenda Item:

**REPORT OF THE CORPORATE DIRECTOR, ADULT SOCIAL CARE AND
HEALTH**

**PROPOSED INCREASES IN FEES FOR INDEPENDENT SECTOR ADULT
SOCIAL CARE PROVIDERS, DIRECT PAYMENTS AND OTHER CHARGES**

Purpose of the Report

1. To advise Committee of the application of annual inflationary increases for care and support services purchased from independent sector social care and support providers.
2. At Full Council on 25th February 2021, Members approved the allocation of £6.126m to meet provider cost pressures arising from the impact of the National Living Wage (NLW) and Fair Price for Care inflation for 2021/22. This report now seeks Committee approval for the proposed distribution of £6.126m fee increases to independent sector care and support providers across the different adult social care services.
3. To seek approval to increase the Ageing Well care home fees in line with the 'Fair Price for Care' agreed inflation calculation and National Living Wage increase.
4. To seek approval to increase the fees for Living Well residential and nursing care placements.
5. To seek approval to increase the fees for Home Care, Housing with Care, Supported Living, Day Care, Shared Lives, Direct Payments and Sleep-in provision.
6. To seek approval to increase the charge for brokerage.
7. To seek approval for the fee increases to be effective from 5th April 2021 to align with the payment cycle for the new financial year.

Information

The Care Act 2014

8. The Care Act 2014 places statutory duties on councils to ensure there are sufficient care and support services in the local care market to meet the needs of all people in the area who require care and support. This includes services for people who arrange and

manage their own care and support services, through the use of Direct Payments, and for people who fund their own care and support.

9. The Care Act also places a duty on councils to ensure provider sustainability and viability. Section 4.31 of the Care Act statutory guidance relates to the role of councils, as part of their market shaping duties, in ensuring that fees paid to providers are sufficient to enable them to meet their employer duties and responsibilities.

“When commissioning services, local authorities should assure themselves and have evidence that contract terms, conditions and fee levels for care and support services are appropriate to provide the delivery of the agreed care packages of care and agreed quality of care. This should support and promote the wellbeing of people who receive care and support and allow for the service provider ability to meet the statutory obligations to pay at least the national minimum wage and provide effective training and development of staff. It should also allow for retention of staff commensurate with delivering services to the agreed quality and encourage innovation and improvement. Local authorities should have regard to guidance on minimum fee levels necessary to provide this assurance, taking account of the local economic environment.” (p48).

Implementation of the National Living Wage from April 2016

10. In line with national legislation the Council has uplifted fees in line with the National Living Wage.

The Budget

11. The Council’s net budget for adult social care and health in 2021/22 is £219m, with a gross budget of £414m. The vast majority of this is spent on care and support services that are commissioned externally from both private and voluntary sector providers through contractual arrangements. The Council’s gross budget allocations for externally provided care and support services for 2021/22 are broken down as follows:

Area of service	Budget
Care Home placements – Ageing Well	£86.4m
Care Home placements – Living Well	£58.5m
Home care services	£24.0m
Supported Living services	£50.0m
Direct Payments	£40.9m

Care and support services in Nottinghamshire

12. The total number of people funded by the Council in long term residential or nursing care placements was 2,732 as at the end of January 2021. 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.
13. The Council also commissions a range of care and support services such as Home Care, Supported Living and Day Care services from independent sector providers to help people to remain living independently in their own homes. As at the end of January 2021, there were 7,572 people receiving community-based care and support services,

based on their eligible needs, across all service user groups. People accessing care and support 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.

14. The Council also commissions a range of carers support services which aim to help carers to continue with their caring duties. These services include information and advice and one-off support or on-going services, including short breaks provision, to approximately 3,947 carers. Many of these services are delivered through a Direct Payment.

Proposals for fee increases from April 2021

15. In April 2021, the National Living Wage (NLW) will increase from £8.72 per hour to £8.91 per hour for people aged 23 years and over which is a 2.18% increase for those aged over 25 years and a bigger increase for those aged 23 and 24 who have now been included within this group. At the same time the National Minimum Wage (NMW) for 21-22 year olds will increase 2.0% to £8.36. The 18-20-year olds will increase by 1.7% in 2021 to £6.56 per hour. In anticipation of the cost pressures in social care arising from this increase, a further £3.964m has been allocated to the Department's base budget to be applied to adult social care services commissioned from independent sector providers.
16. With the exception of the Ageing Well banded Care Homes in Nottinghamshire the inflationary increase relates directly to the increase in NLW contributions so the proposed percentage uplifts by service vary from 1.56% up to 2.45% according to the proportion of the current fee that is directly staff related.

Ageing Well Residential and Nursing Care Home Provision

17. The Council has a proactive approach to ensuring that it meets its legal duty in taking account of the cost of care and ensuring a sustainable market across the whole County. It currently has a fee structure that is based on five quality bandings that are determined by an annual quality audit of the homes. This method of payment includes an inflation-linked fee increase to be applied annually using indices that were agreed as a part of a previous 'Fair Price for Care' exercise. This increase is paid to all banded Ageing Well care home providers.
18. In addition to this since 2016 additional increases have been approved in line with the cost of the National Living Wage.
19. It is proposed that a 2.49% increase is applied across all Ageing Well care home provision within Nottinghamshire. This is the combination of the increase relating to the increase in the NLW for staffing and an increase relating to other inflationary cost pressures in accordance with the Fair Price for Care indices. The table below outlines the current weekly fee levels and the proposed weekly fee levels to be applied from April 2021:

Care Home Banding	Proposed Fee 2021/22 Care Home (current fee)	Proposed Fee 2021/22 Care Home including DQM Payment** (current fee)	Proposed Fee 2021/22 *Nursing care (current fee)	Proposed Fee 2021/22 *Nursing care including DQM Payment (current fee)
Band 1	£505 (£493)	£520 (£508)	£549 (£536)	£561 (£547)
Band 2	£561 (£547)	£619 (£604)	£629 (£614)	£678 (£662)
Band 3	£596 (£582)	£651 (£635)	£662 (£646)	£713 (£695)
Band 4	£610 (£595)	£663 (£647)	£676 (£660)	£727 (£709)
Band 5	£628 (£613)	£684 (£667)	£696 (£679)	£744 (£726)

**For all care homes with nursing, the above fee levels are net of Funded Nursing Care contribution which was set at £183.92 per person per week in April 2020. The Clinical Commissioning Groups (CCGs) fund and administer this element of the fee.*

*** DQM – Dementia Quality Mark Payment – those homes which provide high quality care and meet the Council’s Dementia Quality Mark will receive an enhanced payment for those residents whose primary care requires complex dementia care.*

20. There was a planned programme to review the Quality Audit Tool (QAT) in 2020 following the implementation of a new tool in 2019, but due to the pandemic this was delayed and will now commence in April 2021. The planned review will be collaborative including partners from the Clinical Commissioning Group (CCG), Care Quality Commission (CQC) and more importantly the Providers. The evaluation will be completed in August 2021.
21. The review of the quality bandings/DQM commenced late 2019 in partnership with the Nottinghamshire Care Association and other providers. A plan was established to review current processes with the market in early 2020, unfortunately this was put on hold and there is a plan to re-commence the review in April 2021 with any changes to be implemented April 2022.
22. The Ageing Well care homes contract specification review commenced in late 2019. There were four provider events in 2019 to support providers with the procurement process and to also feedback on the planned changes to the specification/contract

terms and conditions. The procurement process for early 2020 was delayed due to Covid. It is hoped that the procurement process commences in April 2021 for the new contracts to be issued in 2021. The Council still plans to use the standard NHS Contract, as it has done for Home Based Care, with a specification designed to meet local need. In using this standard contract, it will be less burdensome on providers as there is greater consistency and expectations from commissioners when we work together. There is a report on the agenda of this meeting of the Committee seeking approval for commencement of the tendering process for Ageing Well care homes.

Living Well residential and nursing care home provision

23. Fee levels for Living Well residential and nursing care home provision are negotiated and commissioned via the Dynamic Purchasing System (DPS) with the care home providers on an individual basis based on the specific needs of the service user. In many cases, the fees have previously been determined through the use of the 'Care Funding Calculator' which is a widely recognised tool, used by many health and social care commissioners as it enables value for money considerations and provides a useful means of benchmarking the cost of complex care across the region.
24. Since 2016 additional increases have been approved in line with the cost of the National Living Wage.
25. It is proposed that a 1.66% increase is applied to all Living Well care home provision to cover the increase in the National Living Wage except in the following circumstances where the uplift will be decided on an individual basis:
 - a) Out of Area packages under £3,000 per week, which will be increased in line with the uplift applied in the relevant Local Authority area
 - b) Packages negotiated in the three months prior to the Committee decision. For these packages an uplift will not be automatically applied as the fees will reflect up to date costings. Where this is not the case providers can contact the department with the appropriate evidence that an uplift is required in order to meet the NLW requirements.
 - c) Packages over £3,000 per week. For these packages an uplift will not be automatically applied as fees should already be covering an enhanced pay level for the staff required to deliver these specialist services. Where this is not the case providers can contact the department with the appropriate evidence that an uplift is required in order to meet the NLW requirements.

Home based care, Housing with Care and Supported Living services

26. Home based care, Housing with Care and Supported Living 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.

27. Following the completion of the tender for Home based care and Housing with Care services in 2018/19, new contracts were awarded to a number of 'Lead providers' (with the exception of one scheme that was procured separately and has a different provider), each covering a large geographical area based on district council boundaries. 'Additional providers' are also contracted to supply care to supplement the lead providers. There are also a small number of spot contracts from legacy arrangements that are reducing over time.
28. In October 2020 a procurement exercise was completed and 23 domiciliary care providers were awarded supplementary contracts. These additional providers were sought to support the on-going demand for home care in Nottinghamshire. There are now 49 providers that have contracts with Nottinghamshire County Council.
29. In addition, the Dynamic Purchasing System (DPS) can be used to procure individual packages of care.
30. The above contracts do not require the Council to apply an annual inflationary increase.
31. Since 2016 increases have been approved in line with the cost of the National Living Wage.
32. It is proposed that a 1.56% increase is applied to 'Lead' and 'Additional' contracted Home-based care and Supported Living services and 1.80% is applied to Housing with Care services. Legacy arrangements will be negotiated in line with the Lead and Additional provider rates.

Day Care Services

33. The Council has established matrix rates for internal day services, based on the following categories, reflecting their levels of need. It is proposed that a 1.65% increase is applied to all externally commissioned day services. The table below outlines the current weekly matrix levels and the proposed weekly fee levels to be applied from April 2021:

	2020/21	2021/22
Complex needs	£37.63 per session	£38.25 per session
High level needs	£19.41 per session	£19.73 per session
Medium level needs	£13.74 per session	£13.97 per session
Low level needs	£9.47 per session	£9.63 per session
1:1 support	£12.10 per hour	£12.30per hour

34. Since 2016 increases have been approved in line with the cost of the National Living Wage.
35. In addition there are some spot purchased arrangements which are negotiated on an individual basis.

Shared Lives Services

36. Payments to Shared Lives carers are made at banded rates which are based on the complexity of the needs of the person placed with them. Nottinghamshire has a five banded rate schedule shown in the table below. For long term placements the payment to the carer is made up of three elements. These are room rent which is usually paid through housing benefit, a personal contribution currently set at £9 per night (£63 per week) and is a payment towards food and bills, and payment made for care costs by the County Council. The table below shows the gross payment made up of these elements:

Service User need level	Current gross payment to shared lives carers per week 2020/21	Proposed gross payment to carers per week in 2021/22
Basic	£236.20	£239.88
Low	£353.60	£359.12
Medium	£492.21	£499.89
High	£644.55	£654.60
Complex	£922.89	£937.29

37. It is proposed that the current rates are increased by 1.56%. In addition to this it is recommended that the contribution to food and bills which is paid by the service user is increased per night to £9.20 per night (£64.40 per week). The proposed increase to the nightly charge is based on the fact that Universal Credit will increase by 0.5% in April 2021.

Direct Payments

38. Since 2016 the rates for Direct Payments have been increased in line with National Living Wage.
39. It is proposed that a 2.45% increase is applied to Direct Payment personal assistant (PA) packages. A Direct Payment is where the service user receives an amount of money directly from the Council for their care costs. They then employ personal assistants directly to support them. This increase will take the basic rate for 2021/22 to £12.24.
40. The amount of increase applied for Direct Payments provided through home care agencies or Supported Living providers may vary depending on the providers' existing hourly rates, so where a home care provider's rate is above the rate of the Lead or Additional provider operating in the same geographical area, the Council will not automatically apply the rate increase. Any increase to be applied will be determined on a case by case basis depending on the needs and circumstances of the individual service user, at point of review.

Sleep-in provision

41. In order to ensure that the National Living Wage and overheads can be paid for all hours covered by sleep-in provision, it is proposed to increase the rate by 2.17% to £99.43 per night.

Proposals for charges – non-direct care provision

Transport

42. It is proposed that a 0.5% increase in transport charge from £9.50 to £9.55 in line with inflationary cost increase from April 2021.

Assistive Technology – Service Charge/Call monitoring

43. It is proposed to increase the charge by 0.5% from £2.00 to £2.01 per week. Mobile telecare devices will be provided in some limited circumstances from April 2021, which will carry an additional charge of £1.50 per week (£3.50 total) to recover the additional service charges incurred with these devices.

Assistive Technology – 24 Hour Home Care Response service

44. It is proposed to increase the charge by 0.5% from £9.55 to £9.60 per week in line with the annual inflation increase from April 2021.

Deferred Payment Scheme

45. The Deferred Payment Scheme charges a one-off fee of £195 for Legal support and £235 for administration on set up. It is proposed to retain the existing charge.

Appointeeship charge

46. Appointeeship is when the Council acts on behalf of an individual; it has responsibility for managing money, making and maintaining benefit claims, and reporting change of circumstances. To act as Appointee the Council charges £12 per week if the client has over £1,000 in their account. The appointeeship service is being separately reviewed so until the conclusion of that review it is proposed to retain the existing charge.

Deputyship charge

47. Deputyship has the same responsibility as being an appointee but also the additional protection of managing someone's assets, savings or property. These charges are set by the Court of Protection and remain as follows:

Fee Type	Cost
Application Fee	£385
Work up to date of Order	£745
Work up to 1 st anniversary	£775
Work up to 2 nd and subsequent anniversaries	£650
Property Fee, due on anniversary of Order and on completion of sale of	£300

property	
Annual Report Fee, due on submission of report	£216
Tax Return Fee	Use accountants
Winding Up Fee	£375
Short order	3.5% of net assets (if net assets are below £16,000)
Travel Cost	£40/hr

Brokerage charge

48. It is proposed that a 0.5% increase will be applied to the current brokerage charge of £10.39 to £10.44 for a four-weekly charge equating to £135.75 per annum.

Other Options Considered

49. The Council has a legal duty under the Care Act 2014 to ensure a sustainable social care market across the County. The increases in the NLW are also legally binding.

Reason/s for Recommendation/s

50. The Council has a statutory duty to have in place a range of care and support services for people who meet national eligibility criteria, either directly through its internal services or through commissioned services from external providers. This statutory duty extends to ensuring that there is a viable and sustainable market of social care providers who are able to deliver the required services.
51. Consideration has been given to the current fee levels paid to care and support providers within the context of the increasing cost pressures arising from the impact of the NLW. The proposed fee increases should help providers to continue to deliver care and support services at a time when they are facing substantial increases in their costs, most of which relate to staff pay and terms and conditions of employment.

Statutory and Policy Implications

52. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment 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

53. The Council has a statutory duty to ensure there is sufficient provision of a diverse range of services to meet people's social care and support needs. An increase in fees paid by the Council to independent sector care and support providers will help to ensure that there are sufficient and viable services within the local market to meet current and future needs.

Financial Implications

54. £6.126m has been added to the Department's budget for 2021/22 and any costs over and above this will need to be met from within the departmental budget.
55. The ongoing cost pressures arising from the impact of the NLW have been built into the Council's Medium-Term Financial Strategy as approved by Full Council in February 2021.

Human Resources Implications

56. The information and proposals contained in this report relate to externally provided care and support services and do not have a direct impact on internal staffing. Any increases in staff pay across the social care sector will help to ensure that the Council is able to commission appropriate levels of care and support services from independent sector care and support providers.

Public Sector Equality Duty Implications

57. This allocation of fee increases to meet NLW and NMW cost pressures should help to ensure that the services continue to be sustainable and that providers remain financially viable following the further increase in the NLW for over 23s from £8.72 to £8.91 per hour and increase in NMW for 21-22 year olds from £8.20 to £8.36 and for 18-20 year olds from £6.45 to £6.56 per hour.

RECOMMENDATION/S

That the Committee:

- 1) approves the proposed distribution of £6.126m of fee increases to independent sector social care and support providers across the different adult social care services related to the further increase in the National Living Wage from 5th April 2021
- 2) approves the increase in Ageing Well Care Home fees in line with the 'Fair Price for Care' agreed inflation calculation
- 3) approves the fee increases for Living Well residential and nursing home care placements
- 4) approves the fee increases proposed for Home Care, Housing with Care, Supported Living, Day Care, Shared Lives, Direct Payments and Sleep-in provision
- 5) approves the increases in charges for other non-direct care provision.
- 6) approves that all the fee increases be effective from 5th April 2021 to align with the payment cycle for the new financial year.

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Constitutional Comments (LW 03/03/21)

58. Adult Social care and Public Health Committee is the appropriate body to consider the content of the report.

Financial Comments (KAS 01/03/21)

59. The financial implications are contained within **paragraphs 54 and 55** of the report. £6.126m has been included within the Department's budget for 2020/21 and any costs over and above this will need to be met from within the departmental budget.

Background Papers and Published Documents

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.

[Fair Price for Care – Older Persons Care Home Fees – report to Policy Committee on 13th February 2013](#)

[Annual budget 2021/22 – report to Full Council on 25th February 2021.](#)

Electoral Division(s) and Member(s) Affected

All

ASCPH759 PDMv4