

REPORT TO: Executive Board

DATE: 11 April 2019

REPORTING OFFICER: Strategic Director, People

PORTFOLIO: Children, Education & Social Care

SUBJECT: Care Provider Contract Uplift 2019/20

WARD(S) Borough-wide

1.0 PURPOSE OF THE REPORT

1.1 To inform the Board of the outcome of initial consultation discussions with domiciliary and care home providers, and the proposed annual uplift for domiciliary and care home providers within Halton for 2019/20.

2.0 RECOMMENDATION: That the Board

- 1) note the contents of the report;**
- 2) considers the options and risks; and**
- 3) approval be given to actively enter into discussions with Care Providers, with a view to offer the recommended uplift for 2019/20.**

3.0 SUPPORTING INFORMATION

3.1 The Care Act 2014 requires local authorities to ensure that the market as a whole remains viable and sustainable. When commissioning services, local authorities must have regard to the cost effectiveness and value for money that the services offer for public funds. However they must not undertake any actions which may threaten the sustainability of the market, and must ensure that remuneration for staff must be at least sufficient to comply with national minimum wage legislation, and that there is a 'fair price' paid for care.

3.2 One of the main challenges for the care sector has been the introduction of a new mandatory National Living Wage (NLW) for workers aged 25 and above from 1st April 2016. It was set at £7.20 an hour in 2016/17, £7.50 in 2017/18, £7.83 in 2018/19 and £8.21 from the 1st of April 2019. The target of £9.00 by 2020/21 has been reduced slightly to £8.75 according to the Office For Budget Responsibility, reflecting revisions to their earnings growth forecast. The increase year on year can be seen below:

Table 1

%	2016/17	2017/18	2018/19	2019/20	2020/21
Increase on Previous Year	7.5	4.2	4.4	4.9	6.6
Cumulative Increase	7.5	11.9	16.9	22.5	30.6

- 3.3 Halton Borough Council have engaged with all care home; supported housing and domiciliary care providers who will be working in the Borough in 2019/20 in respect of inflationary increases.
- 3.4 Following discussions with all care providers in the Borough a number of potential risks and options have been identified; in the main these risks are related to quality of care provision and financial sustainability.
- 3.5 Any proposed increase in fees will need to take into account the risks in the current market, and the financial implications for the Council. The Adult Social Care budget 2019/20 for care providers was set on the assumption of an inflationary increase of 3.2%. Any increase over 3.2% would exert financial pressure on the budget.
- 3.6 Based on the feedback from the care providers in the Borough the average inflationary uplift required would be in excess of the 3.2%. Following consultation, it is recommended that the Executive Board considers an inflationary uplift above the minimum of 3.2% over a two year period.
- 3.7 **Domiciliary care**
- 3.7.1 **Market position:** The weighted average price for Domiciliary care for older people in 2018 was £16.12; just one in seven councils were paying the recommended £18.01 per hour (UKHA). Within the Northwest the rates ranged from £16.99 to £13.52, Halton pay the lowest in the Northwest at £13.52. Only a small number of providers currently meet the ethical care charter.
- 3.7.2 **Rationale:** Halton's domiciliary care provider is currently working towards meeting the unison ethical care charter as directed by the Council. A key aspect of this charter is to ensure a minimum salary for care workers and to pay in full travel expenses. Open book accounts have been provided to officers, and an increase to £15.90 is needed to cover these requirements.
- 3.7.3 **Recommendation:** Over a two year period increase the fee rate in line with moving towards meeting the ethical care charter in Halton. Further discussions with the provider will ensure the year one increase results in an initial increase in pay for the care workers.

3.8 Table 2

	Budgeted uplift	Recommended uplift year 1	Recommended uplift Year 2
Domiciliary care	£13.89	£14.50	£15.90
Additional funding required	£0	£347k	£648k

3.9 Direct Payments:

Table 3

	Current Hourly Rate	3.2% uplift	Recommended uplift
DP Basic PA Rate	9.98	10.30	No uplift
DP Complex CHC PA Rate	11.71	12.08	No uplift
DP Agency Rate	13.46	13.89	In line with Domiciliary Care
DP Sleep rate (per sleep)	70.00	72.24	In line with supported living
Respite (per week)	417.14	430.49	In line with Residential care rates

Rationale: Direct payment rates remain competitive with our neighbouring authorities for the PA rates. The Direct payment agency rates would need to increase in line with the agreed Domiciliary Care rate. The DP sleep-in rates will be aligned with supported living sleep in rates.

3.10 Supported Living

The council went to tender a couple of years ago for supported living providers, and individual rates for each zone was submitted by the providers. As part of the negotiations for 2019/20 it is proposed that we align all rates across this provision. In line with the rationale for Domiciliary care and to meet the ethical care charter in Halton it is proposed that we increase the rates to a similar amount. Within supported living contracts there is no requirement for travel time or travel expenses, it is therefore proposed at a slightly lower rate of £14.50 year one and £14.68 year two. It is also recommended that we align these fees across all providers and pay a single rate.

Table 4:

ZONE	Provider	Current Hourly Rate	Budgeted uplift	Recommended uplift year 1	Year 2
1	PossAbilities	313.46	£13.89	£14.50	£14.68
2	PossAbilities	£14.11	£14.56	£14.50	£14.68
3	Community Integrated Care	£13.73	£14.17	£14.50	£14.68
4	Making Space	£13.36	£13.79	£14.50	£14.68
5	Community Integrated Care	£13.81	£14.25	£14.50	£14.68
6	Community Integrated Care	£14.92	£15.39	£14.50	£14.68
7	PossAbilities	£13.46	£13.89	£14.50	£14.68
	Additional funding required		£0	£60k	£210k

Sleep in rates

The legislation has changed in relation to sleep in rates, and it is no longer a requirement to pay an hourly rate, it is proposed that we work with those providers who offer sleep-ins to agree an appropriate rate, as detailed in the table. CIC have already implanted a reduction in sleep-in-rates to £6 hour.

An overall review of the use of sleep-ins will be undertaken.

3.11 Table 5:

Provider	Current rate	Proposed rate
CIC	£79.90-£82.40	£48-£60 * dependant on hours worked
Making space		£48-£60 * dependant on hours worked
PossAbilities		£48-£60 * dependant on hours worked

3.12 Care Homes

The fee level for Care homes is based on the price we pay per person per week, in addition for nursing homes a nursing care rate is funded by the CCG, which is £158.16 per person per week.

3.12.1 Market position: Halton have one of the lowest fee rates for care homes in the Liverpool City Region and across the Northwest.

Table 6:

2018/19	Halton	Liverpool	Knowsley	St Helens	Warrington	Average
Residential	£417.14	£426.01	£447.80	£464-£480	£485	£455
Residential EMI	£491.82	£527.87	£512.98	£540-£556	£551	£532
Nursing	£445.74	£465.95	£471.45	£505-£521	£550	£498
Nursing EMI	£512.61	£530.75	£585.22	£560-£576	£582	£564

Following consultation with our providers, a number of them have highlighted some potentially serious risks in the market if we do not pay an above inflationary uplift.

Suggested increases on average equate to approximately 6-8%, with some providers suggesting in excess of 20%. The key risks to service delivery are impact on quality of care, staff pay rates and more home closures. The main impact appears to be with our small local providers.

Considering the impact of living wage, pension increases, overall cost of living and our position in the market, it is recommended that we increase our fees to bring us more in line with our neighbouring authorities, over a two year period, as detailed in table 7.

3.13 **Table 7:**

	2018/19 Rate	Budgeted increase	Recommended uplift year 1	Recommended uplift year 2
Residential	£417.14	£430.49	£438.79	£440
Residential EMI	£491.82	£507.56	£528.37	£532
Nursing	£445.74	£460.00	£479.93	£480
Nursing EMI	£512.61	£529.01	£546.67	£564
Additional funding required		£0	£300k	£366k

4.0 **POLICY IMPLICATIONS**

4.1 A new National Paper on the sustainability of the funding of Adult Social Care is due to be published in soon; this may have implications on future funding models.

5.0 **FINANCIAL IMPLICATIONS**

5.1 The increase in fee rates have been calculated based on the key risk

areas, rather than an overall set increase, as detailed below.

Care provision	Recommended uplift year 1	Recommended uplift year 2
Domiciliary care	£14.50	£15.90
Supported living	£14.50	£14.68
Sleep in rates	£6 per hour	£6 per hour
Care homes	£430-529	£440-564
Learning Disability Care and Mental Health Homes	3.2%	3.2%
Financial Impact	£481k	£1,224k

**Year 2 uplift is also in addition to the inflationary uplift.*

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children & Young People in Halton

None Identified.

6.2 Employment, Learning & Skills in Halton

None identified.

6.3 A Healthy Halton

The Adult Social Care budget supports the delivery of services which contribute towards this priority.

6.4 A Safer Halton

None identified

6.5 Halton's Urban Renewal

None Identified

7.0 RISK ANALYSIS

7.1 The financial pressures within this sector are well recognised both nationally and locally.

Consultation with providers has been completed over the past couple of months; although they have recognised the financial constraints of the Local Authority, providers are requesting fee increases in excess of 6-8%.

7.2 In mitigation, the recommendations are to agree fee rates over a 2 year period, in addition Adult Social Care are also working with providers to identify alternative approaches to support them with financial pressures e.g. training, procurement and alternative approaches to the delivery of care, including technology.

7.3 The increase in fee rates will result in paying social care staff, slightly above the National Minimum wage, or alternative staff incentives as discussed with the providers; we will also ensure that additional quality standards are implemented to improve the care and well-being of our residents.

8.0 **EQUALITY AND DIVERSITY ISSUES**

8.1 Agencies working under contract to the Council are expected to comply with the Council's policies relating to Ethnicity and Cultural Diversity as well as promoting social inclusion of some of the most disadvantaged people in the Borough.

9.0 **REASON(S) FOR DECISION**

The recommendation to uplift the fees for our care providers above inflation is referenced throughout the report and is based on the identified risks to the provision of care to vulnerable adults in the Borough.

10.0 **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

The social care market has been recognised nationally as being extremely fragile and the Council has a statutory duty to maintain market stability and sufficiency under the Care Act 2014. Not providing an inflationary uplift at a time when providers must pay the National Living Wage would destabilise the market. In addition people are living longer with very complex health care needs and Halton needs a robust and skilled workforce to continue to provide high quality care for some of the most vulnerable people in our community.

The recommended increase is based on an analysis of the cost pressures on providers and includes an element of flexibility to ensure that market sustainability and quality is maintained whilst being affordable to Halton.

An increase less than the recommendations could undermine market stability as providers will not be able to meet their mandatory responsibility to pay staff the National Living Wage, resulting in services becoming financially unviable. This would impact negatively on the local health and social care system, with a potential knock on effect for supporting timely discharge from hospital.

An increase of more than the recommendations would impact negatively on the Council's finances and would be unaffordable. The Council will have less money available to meet its statutory duties and continue to support vulnerable adults.

11.0 **IMPLEMENTATION DATE**

To be implemented from 1 April 2019.

12.0 **LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF
THE LOCAL GOVERNMENT ACT 1972**

None.