

Report to:	Cabinet	Date: 15 March 2023
Subject:	Adult Social Care Provider Fee Uplifts 2023/24	
Report of	Cabinet Member for Adult Care, Health, and Wellbeing	

Summary

1. This report details the fee engagement process including timelines and proposed recommendations for the fee proposal to contracted providers of adult social care services for the period 2023/24

Recommendation(s)

2. Residential Care 2023/24 Fee Proposal

The Council proposes to increase the weekly fees paid per person to providers for the provision of Older Adults Residential Care as shown below:

Older Adults Residential Care

Rate type	Weekly Fee Rate 2022/23	% Uplift	Increase (£)	Weekly Fee Rate 2023/24
Real Living Wage	£562.90	12.4%	£69.80	£632.70
Standard	£548.90	12.4%	£68.06	£616.96

Older Adults Residential Dementia

Rate type	Weekly Fee Rate 2022/23	% Uplift	Increase (£)	Weekly Fee Rate 2023/24
Real Living Wage	£577.90	14.7%	£84.95	£662.85
Standard	£563.40	14.7%	£82.82	£646.22

Older Adults General Nursing

Rate type	Weekly Fee Rate 2022/23	% Uplift	Increase (£)	Weekly Fee Rate 2023/24
Real Living Wage	£612.90	14.7%	£90.10	£703.00
Standard	£598.40	14.7%	£87.96	£686.36

Older Adults Nursing Dementia

Rate type	Weekly Fee Rate 2022/23	% Uplift	Increase (£)	Weekly Fee Rate 2023/24
Real Living Wage	£657.90	14.7%	£96.71	£754.61
Standard	£643.40	14.7%	£94.58	£737.98

Adults Residential Care MH/LD/PD

Rate type	Weekly Fee Rate 2022/23	% Uplift	Increase (£)	Weekly Fee Rate 2023/24
Real Living Wage	£562.90	12.4%	£69.80	£632.70
Standard	£548.90	12.4%	£68.06	£616.96

3 Care at Home 2023/24 Fee Proposal

- 3.1 In 22/23, with the introduction of the Controcc system, the Council were able to introduce payment on actual contact time. This is in line with the care at home contract and resulted in an in-year uplift being made available to those providers meeting specific Key Performance Indicators. This continues in the 23/24 fee proposal. The Council proposes to increase the hourly fees paid per person to providers for the provision of Care at Home as shown below:

Care at Home (Framework)

Rate type	Hourly Fee Rate 2022/23	% Uplift	Increase (£)	Hourly Fee Rate 2023/24
Standard	£17.86	14.7%	£2.63	£20.49
KPI compliant	£21.00	14.7%	£3.18	£24.18

4 Supported Living 2023/24 Fee Proposal

- 4.1 The Council proposes that where we pay an hourly rate for Supported Living services, it will be no more than the uplifted rate outlined below. Please note this rate will not be applicable where services have been commissioned on block arrangement/via a competitive tender:

Supported Living Waking Hours

Rate type	Hourly Fee Rate 2022/23	% Uplift	Increase (£)	Hourly Fee Rate 2023/24
Real Living Wage	£17.69	12.4%	£2.19	£19.88
Standard	£17.40	12.4%	£2.16	£19.56

Supported Living Sleep-in rate

Rate type	Hourly Fee Rate 2022/23	% Uplift	Increase (£)	Hourly Fee Rate 2023/24
Real Living Wage	£10.64	12.4%	£1.32	£11.96
Standard	£10.37	12.4%	£1.29	£11.66

5. Direct Payments 2023/24 Fees Proposal

- 5.1 The Council proposes to increase the hourly rate paid per person to a personal assistant for those in receipt of Direct Payments as shown below. The Direct Payment rate already allowed the payment of the Real Living Wage and so there is only one rate proposed:

Direct Payments (Personal Assistants)

Rate type	Hourly Fee Rate 2022/23	% Uplift	Increase (£)	Hourly Fee Rate 2023/24
Real Living Wage	£11.37	12.4%	£1.41	£12.78

6. Shared Lives

- 6.1 Shared Lives provision is an area of development and focus for the Council over the coming 12 months and will likely result in a redesign of the funding bands. Shared Lives rates have not been uplifted in over 5 years so current proposal is:

Rate type	Session Fee Rate 2022/23	% Uplift	Increase (£)	Hourly Fee Rate 2023/24
Day Support	£10.00	100%	£10.00	£20.00

Reasons for recommendation(s)

7. The Council is required to carry out a provider fee engagement process and has done so for year 23/24. The uplifts are within budget and look to drive the provider market to meet needs now and going forward, while ensuring provider sustainability in light of current pressures. The recommended fee rates also support providers to pay their staff the Real Living Wage and move towards the Fair Cost of Care.

Alternative options considered and rejected

8. Fee uplifts are one of the levers available to the Local Authority to help direct the market to meet the needs of Bury residents both now and in the future. There is increasing demand for more complex provision including dementia and nursing services and to support people to live well at home; hence the further increases in these areas. Failure to do so could have resulted in a lack of capacity and sufficiency of care for people with those needs.
9. A reduced budget for fee uplifts would have resulted in the ongoing sustainability of the Adult Social Care market being severely impacted and Bury's position as a Real Living Wage paying authority compromised.
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Report Author and Contact Details:

Name: Matthew Logan

Position: Strategic Lead Integrated Commissioning

Department: One Commissioning Organisation

E-mail: m.logan@bury.gov.uk

Background

1. Introduction

1.1 The Council is undertaking a fee engagement process with contracted providers of adult social care services in order to define both the fee proposals for 2023/24 and determine the final fee recommendations.

1.2 The Community Commissioning Team usually reviews fee rates on an annual basis. It is recommended that the fee arrangements proposed this year are also for one year only 1st April 2023 – 31st March 2024. This report provides recommendations for the payment of fees in relation to the following service areas:

- Older Adults Residential Care
- Adults Mental Health (MH)/Learning Disabilities (LD)/Physical Disabilities (PD) Residential Care
- Care at Home
- Supported Living
- Direct Payment
- Shared Lives

Not covered by this report:

- Out of Borough Services where we pay the host authority agreed annual rate.

2. Real Living Wage

2.1 This year the Council will come to the end of its phased approach to implementation of the Real Living Wage in commissioned adult Social Care Providers. Following a period of co-production alongside Care Providers in 2021, a funding model was developed that would see providers receive an increase allowing them to pay their staff an enhanced hourly rate. Their achievement of paying their staff the full Real living Wage would be phased in with the full Real Living Wage having to be paid by April 2023. This has resulted in two different fee rates being proposed for each provider sector.

2.2 For clarity; providers had to sign a contract variation to commit to paying the Real Living Wage by April 2023. Those that have will be paid the higher rate, those that have not signed up will get the lower rate.

3. Fee Proposal

3.1 In response to the above, and feedback from providers the following option is proposed:

- 3.1.1 Continue with the development of a tiered fee model specifically within Care Homes in order to support the strategic direction of Bury and future market development. Four years ago, a dementia premium was introduced in Bury for the first time and three years ago a nursing dementia premium. This year those premiums will be increased further.
- 3.1.2 Allow the premium, currently eligible for Residential Dementia and Nursing Dementia providers, to be paid for those customers with other complex needs that require a higher level of intensive support. This will encourage providers to accept more complex referrals often with higher acuity. Criteria for this will be developed alongside Operational colleagues and providers.
- 3.1.3 This will continue to form the basis of care home fee setting in the future with areas of development such as Dementia, complex needs and nursing care receiving higher level increases. It is a common complaint that there is little reason for Providers to expand into those areas where we are seeing and continue to expect increased demand when there is little differentiation between the fee levels.
- 3.1.4 During the 2023/24 provider fee setting process health colleagues were updated with regards to the timeline and requirements of provider fee setting and when the 2023/24 fee modelling had been finalised the full suite of proposed provider fees was shared with health colleagues

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9. Fair Cost of Care

- 9.1 The Community Commissioning Team has this year completed a Fair Cost of Care Exercise in response to requirements from the DHSC.
- 9.2 The Market Sustainability and Fair Cost of Care Fund was designed to address the impact of the government's aim to allow more people who fund their own care to pay the lower rate that Councils can access from 2023, as well as under investment in care.
- 9.3 The Government expected "local authorities will carry out activities such as":
- Conducting a cost of care exercise to determine sustainable rates and how close they are to paying those rates.
 - Engage with local providers to improve data on costs and number of self-funders, to assist them in understanding the impact of reform on the market (in particular 65+ residential care, but also domiciliary care).

- Strengthen capacity to plan for and execute greater market oversight and improved market management, ensuring markets are positioned to deliver on reform ambitions.
- Use funding to increase fees, as appropriate to local circumstances. This funding should not be used to fund core pressures (for which authorities are reminded they can use the social care grant, improved Better Care Fund, and Social Care Precept).

9.4 Fair Cost of Care, alongside other charging reforms has been delayed and specific funding has now been rolled into Adult Social Care Market and Sustainability Improvement Fund rather than be offered as a separate funding stream. The requirement to achieve the fair cost of care has also been moved to “work towards” the fair cost of care. Despite these changes, the local authority have still had to submit the following:

- A cost of care exercise (a survey of 65+ residential and nursing care and 18+ homecare which determines a sustainable fee rate for different settings, incorporating local costs such as pay and travel time and provides for an appropriate return on capital and operations), which they will also need to publish.
- A provisional market sustainability plan setting out strategy for the next 3 years (2022-25) and how authorities will move towards the sustainable fee rate identified in the cost of care exercise, as well as strategic planning for local need in the wider area, taking into consideration the role of new models of care (including housing).

9.5 The move towards a fair cost of care will result in a need to significantly uplift fees. The amount allocated to Bury, and now included in Adult Social Care Market and Sustainability Improvement Fund, does not consider the level of our current fee rates. If the Council is substantially below the fair cost of care under analysis and the funding from the government does not meet the impact, the Council will have to cover any shortfall.

9.6 The fees offered this year 23/24 are larger uplifts than previous years. Not only is this absolutely required to ensure a sustainable market following the impact of COVID, staffing crises and inflationary pressure but it should also meet the requirements of moving us towards the fair cost of care.

10 Fee Engagement Process 2023-24

10.1 The Council undertakes an annual fee engagement process with contracted providers, in line with good practice and statutory legislation, which states that when setting and reviewing fee costs, Councils should have due regard to the actual costs of providing care and other local factors, along with a responsibility for managing the local care market.

10.2 Following feedback from Providers on previous years engagement, it was agreed that formal meetings would not be set up until after the budget available for provider fees had been set. There was a feeling that positive discussions would take place and then the budget available was set and if it was lower than anticipated it only caused disappointment and disillusionment from providers.

10.3 Fee Engagement Groups for each service area were established, while feedback on current

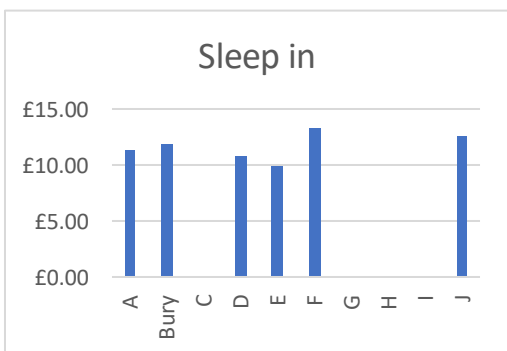
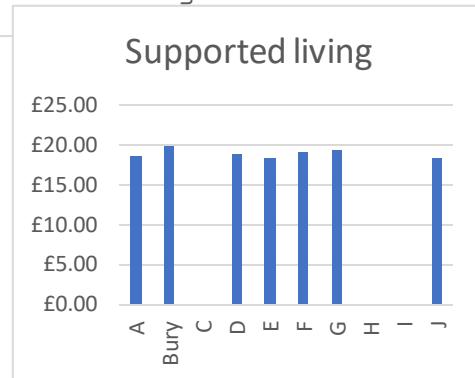
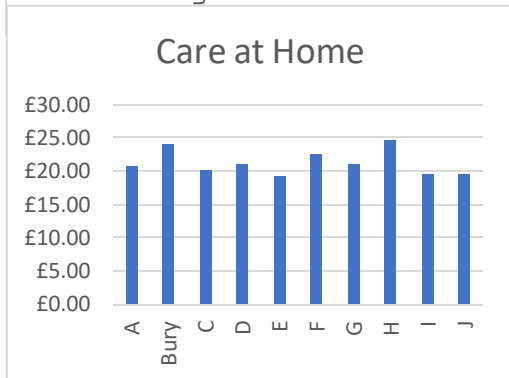
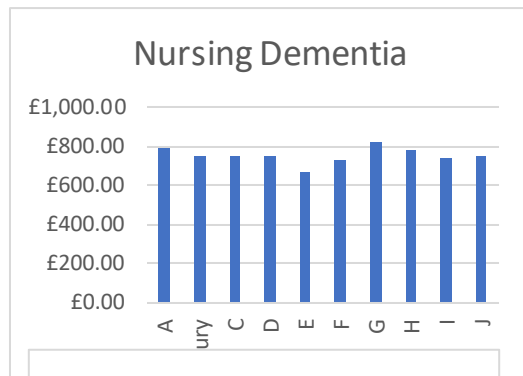
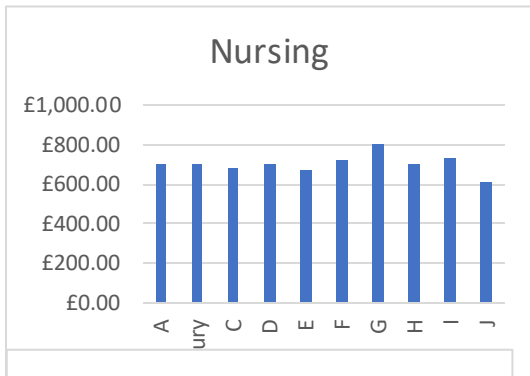
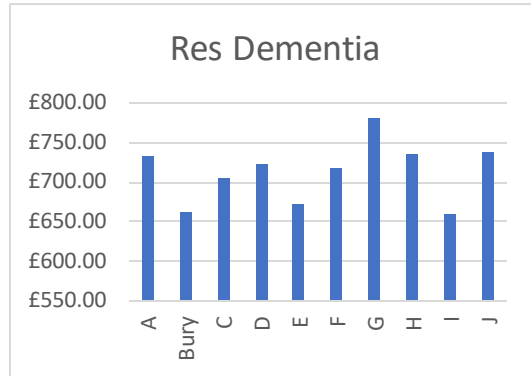
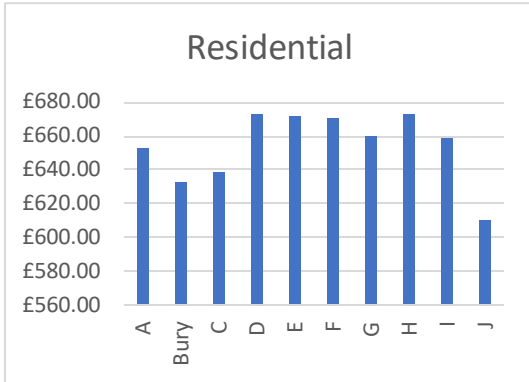
pressures was also sought from providers. These Fee engagement groups were well attended by each sector and will now transition into ongoing Strategic Engagement Groups.

11 Cost Pressures

- 11.1 It is acknowledged that all providers of social care are facing the following national cost pressures over the next 12 months:
- National Living Wage (9.7% increase)
 - Inflation
 - CQC Registration
 - Energy Prices
 - Known and un-known COVID pressures including insurance increases/PPE costs etc
- 11.2 As shown above one of the cost pressures facing providers is the 9.7% increase in the National Living Wage (NLW) from £9.50 per hour in 2022/23 for workers over the age of 25 to £10.42 per hour from April 2023. This increase has been captured for all care providers in the staffing element of their fee uplift.
- 11.3 It is evident that many providers of social care pay the majority of employees, at or near to the minimum wage and as employee costs equate to a large proportion of expenditure for social care providers, the mandatory requirement to increase pay to those employees that are paid the minimum wage will result in a cost pressure.
- 11.4 There will also be an expectation from those employees that are paid close to the minimum wage that the differential will continue to be maintained or there will be a real risk that the profession will become less attractive to existing or potential employees and providers will struggle to recruit either sufficient numbers or caliber of people.
- 11.5 The UK's main inflation measure as of February 2023, was 10.1%. This, alongside the rising energy prices is putting more pressure on the ongoing viability of all Adult Social Care Providers.

12 Benchmarking AGMA Council Fee Rates

- 12.1 Another issue to consider when setting fee rates is that of fee rates paid in neighbouring authorities, to ensure that the Council pays comparable rates to others, which creates an element of stability to the wider market across Greater Manchester (GM). The bar charts below clearly demonstrate that even with the level of fee uplift proposed in this paper, when compared to other GM Authorities it is keeping us in step with many of our partners.



13 Consultation – Provider Feedback

13.1 Provider responses to the cost and operational pressure forms have been collated. Pressures were broadly similar across providers with the main themes being:

- Energy costs
- Inflation

- Retention and recruitment concerns
- Potential increasing PPE/cleaning costs and those associated with the COVID pandemic.
- Increased in Insurance costs
- NLW and RLW uplifts
- Increased CQC costs
- Reduced occupancy and capacity with care homes and care at home providers.

Appendices

1. See attached

Links with the Corporate Priorities:

2. The uplifts will support providers of Adult Social Care; working and based locally to remain sustainable. It also encourages enterprise within the provider market by encouraging development of services to meet the growing needs of the people of Bury.

Equality Impact and Considerations:

3. Available upon request.

Environmental Impact and Considerations:

4. An environmental impact assessment has not been undertaken for the scheme, as there are no implications or carbon impact of this decision.

Assessment and Mitigation of Risk:

Risk / opportunity	Mitigation
Uplifts are insufficient to maintain the sustainability and viability of care providers.	<p>Fee proposals were established as part of engagement exercise with providers.</p> <p>Council Commissioning team allocate each care provider their own contract manager who will continue to work with, support and monitor risk to individual provider sustainability.</p>

Legal Implications:

Section 5 of the Care Act 2014 places a duty on local authorities to promote the efficient and effective operation of a market in services for meeting care and support needs, with a view to ensuring services are diverse, sustainable, and high quality for the local population, including those who pay for their own care. Section 4.31 of the Care and Support Statutory Guidance states, *“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 with agreed quality of care. This should support and promote the*

wellbeing of people who receive care and support and allow for the service provider’s ability to meet statutory obligations to pay at least the minimum wage and provide effective training and development of staff”.

“It should also allow 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. This assurance should understand that reasonable fee levels allow for a reasonable rate of return by independent providers that is sufficient to allow the overall pool of efficient providers to remain sustainable in the long term”.

The Council is required to have due regard in ensuring the sustainability of the market, in addition to facilitating the development of their Local Adult care market so that it meets the care and support needs of people in their area. A sustainable market allows for the sufficient supply of services, investment, innovation, and choice for people to choose care and a sufficient workforce supply.

The Care Act 2014 also places a duty on local authorities to assure themselves that fee levels are appropriate to provide the agreed quality of care and enable providers to effectively support people who have care needs as well as the ability to invest in staff development, innovation and improvement. In meeting these requirements, the Council has considered a detailed report and undertaken a comprehensive consultation process as set out at paragraphs 13 and 14 of this Cabinet report.

Financial Implications:

The Council was awarded formal Real Living Wage accreditation in November 2021. Based on current client activity levels and recognising the Council is moving from a phased RLW rate of £9.70 in 2022/2023 to the RLW of £10.90 in April 2023 the total cost impact of the proposed provider fee uplift is circa £6.8m, £5.6m of this is attributable to funding the real living wage, the balance being general inflationary pressures.

The £6.8m cost impact of the 2023/24 provider fee uplift on the Councils OCO directorate Care in the Community budget is fully funded, within the 2023/24 budget approved at Council on the 22nd February.

As part of the monthly budget monitoring process Finance, Commissioners and Social work teams will triangulate and rigorously track the expenditure linked to the Care in the Community budget ensuring that all expenditure aligns to the funding provided to meet the requirements of the provider fee uplifts set out in this report. Any financial risks/pressures identified will be highlighted to the Director of Adult Social Services as part of the monthly budget monitoring cycle whereby an action plan will be deployed to mitigate any financial risks/ pressures.

Background papers:

N/A.

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning