

<b>Classification:</b> Open	<b>Decision Type:</b> Key
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<b>Report to:</b>	Cabinet	<b>Date:</b> 13 March 2024
<b>Subject:</b>	Adult Social Care Provider Fee Uplifts 2024/25	
<b>Report of</b>	Cabinet Member for 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 2024/25.
2. For each provider sector, the Council has uplifted the staffing element of the fee by 10% in line with the increase in the Real Living Wage and National Living Wage

### Recommendation(s)

#### 3. Residential Care 2024/25 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 2023/24	% Uplift	Weekly Fee Rate 2024/25
Real Living Wage	£632.70	7.48%	£680.02
Standard	£616.96	7.48%	£663.11

#### Older Adults Residential Dementia

Rate type	Weekly Fee Rate 2023/24	% Uplift	Weekly Fee Rate 2024/25
Real Living Wage	£662.85	7.53%	£712.73
Standard	£646.22	7.53%	£694.85

#### Older Adults General Nursing

Rate type	Weekly Fee Rate 2023/24	% Uplift	Weekly Fee Rate 2024/25
Real Living Wage	£703.00	7.52%	£755.86
Standard	£686.36	7.52%	£737.97

### Older Adults Nursing Dementia

Rate type	Weekly Fee Rate 2023/24	% Uplift	Weekly Fee Rate 2024/25
Real Living Wage	£754.61	7.69%	£812.65
Standard	£737.98	7.69%	£794.74

### Adults Residential Care MH/LD/PD

Rate type	Weekly Fee Rate 2023/24	% Uplift	Weekly Fee Rate 2024/25
Real Living Wage	£632.70	7.48%	£680.02
Standard	£616.96	7.48%	£663.11

## 3 Care at Home 2024/25 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 24/25 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 2023/24	% Uplift	Hourly Fee Rate 2024/25
Standard	£20.49	8.24%	£22.17
KPI compliant	£24.18	8.24%	£26.17

## 4 Supported Living and Community Outreach 2024/25 Fee Proposal

- 4.1 The Council proposes that where we pay an hourly rate for Supported Living and Community Outreach 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 2023/24	% Uplift	Hourly Fee Rate 2024/25
Real Living Wage	£19.88	7.35%	£21.34
Standard	£19.56	7.22%	£20.97

### Supported Living Sleep-in rate

Rate type	Hourly Fee Rate 2023/24	% Uplift	Hourly Fee Rate 2024/25
Real Living Wage	£11.96	9.71%	£13.11
Standard	£11.66	9.56%	£12.77

## 5. Direct Payments 2024/25 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 2023/24	% Uplift	Hourly Fee Rate 2024/25
Real Living Wage	£12.78	9.33%	£13.97

## 6. Shared Lives

- 6.1 Shared Lives provision is an area of development and focus for the Council over the coming 12 months and has resulted in a redesign of the funding bands. Many Shared Lives rates have not been uplifted in over 5 years so in recognition of this, the current proposal is to provide a one off, in year (2023/24) uplift to current carers at total cost of £28,029, followed by the below uplift for 2024/25:

Rate type	Session Fee Rate 2023/24	% Uplift	Hourly Fee Rate 2024/25
Day Support	£21.59	7.94%	£23.31
Current respite carers	£56.42	7.94%	£60.90
Respite -Band 1 new carers	£46.99	7.94%	£50.72
Respite -Band 2 new carers	£62.51	7.94%	£70.16
Respite -Band 3 new carers	£70.41	7.94%	£86.35
Current long term carers	£394.96	7.94%	£426.33
Long Term (Band 1 new customers)	£349.79	7.94%	£377.58
Long Term (Band 2 new customers)	£401.02	7.94%	£431.77
Long Term (Band 3 new)	4£34.31	7.94%	£485.75

customers)			
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### Reasons for recommendation(s)

7. The Council is required to carry out a provider fee engagement process and has done so for year 24/25. 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 continue the move towards the Fair Cost of Care.

### Alternative options considered and rejected

8. Alternatives were not considered as we are required to issue fee uplifts within allocated budget.

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### 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 2024/25 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 1<sup>st</sup> April 2024 – 31<sup>st</sup> March 2025. 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 The Council is a proud Real Living Wage paying Local Authority and supports its Adult Social Care Providers to also pay their staff the Real Living Wage by offering higher rates to those who commit to it. The increase in the Real Living Wage and

National Living Wage of 10% is considerable but the Council is happy to maintain its commitment to its providers by ensuring this increase is covered in the staffing element of the providers fees.

- 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:
- 3.2 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 a nursing dementia premium. This year those premiums will be increased further.
- 3.3 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.
- 3.4 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.

### 4. Residential Care 2024/25 Fee Proposal

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## 9 Fair Cost of Care

9.1 In 2022/2023 the Community Commissioning Team completed a Fair Cost of Care Exercise in response to requirements from the Department of Health and Social Care.

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 In 2023/24, the Fair Cost of Care, alongside other charging reforms was delayed and specific funding was 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 was also moved to "work towards" the fair cost of care.

9.5 The continued 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. Where 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 in 24/25 continue the Council's commitment to substantial fee increases; supporting our move to a fair cost of care and ensuring the Council kept to its duties under the Care Act in ensuring a sustainable market.

## **10 Fee Engagement Process 2024-25**

- 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 were run as part of the regular Strategic Engagement Groups for each service area, while feedback on current pressures was also sought from providers.

## **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 (10% 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 10% increase in the National Living Wage (NLW) from £10.42 per hour in 2023/24 for workers over to £11.44 per hour from April 2024. 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 January 2024, was 3.9%. 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). We have not received our partners 2024/25 rates at this time for comparison but from discussions we are in line with neighbouring authorities.

## 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
- Increased in Insurance costs
- NLW and RLW uplifts
- Increased CQC costs
- Reduced occupancy and capacity with care homes and care at home providers.

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### Links with the Corporate Priorities:

14. 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.

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### Equality Impact and Considerations:

15. EIA is available upon request.

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### Environmental Impact and Considerations:

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

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### Assessment and Mitigation of Risk:

Risk / opportunity	Mitigation
Uplifts are insufficient to maintain the sustainability and viability of care providers.	Fee proposals were established as part of engagement exercise with providers.

	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.
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**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. The Council is required to carry out a provider fee engagement process and has done so for year 24/25.

**Financial Implications:**

The increase in the Real Living Wage is provided for within the 2024/25 budget.

**Appendices:**

None.

**Background papers:**

None.

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

Term	Meaning