

OFFICER DECISION RECORD

This form should be used to:-

- (1) record Executive decisions taken by officers which are non key decisions
- (2) record other non Executive decisions taken by officers

Decision Ref. No:
AHWB/010/2018
2018/19 Provider Care Fee
Increases

Box 1

DIRECTORATE: Adults, Health and Wellbeing

DATE: 12th March 2018

Contact Name: Ian Campbell & Kathryn Black

Tel. No: 732238 & 737670

Subject Matter: 2018/19 Provider Care Fee Increases

Box 2

DECISION TAKEN:

1. To increase the provider care fees as set out in the following table:

Category	Description	Current Fee 2017/18 £	Proposed Inflation 2018/19 %	Proposed Fee 2018/19 £
Domiciliary care	Framework Day - hourly rate	14.84	4.59%	15.52
Domiciliary care	Framework Day Premium - hourly rate (only 16 service users – phasing out)	15.84	4.29	16.52
Domiciliary care	Home Support Immediate Response - hourly rate	16.84	4.04	17.52
Domiciliary care	Home Support Immediate Response - one off payment per assessment	50.00	0.00	50.00
Residential Contracted (Allowable Rate)	Residential, Nursing, Residential EMI, Respite	465.36	4.34%	485.57
Residential Contracted (Allowable Rate)	Nursing EMI	515.65	4.50%	538.88
Specialist Residential Negotiated	Residential - Specialist (mainly WAA)	Various	[redaction]	[redaction]
Extra Care	Extra Care	Various	4.43%	Various
Supported Living	Supported Living - Day & Night	Various	[redaction]	[redaction]
Day Care	Internal provision (used for the financial assessment)	29.40	[redaction]	30.12
Day Care	External provision	Various	TBC	Various

The majority of fees are subject to on-going negotiations with providers and may change

as a result. The Domiciliary Care framework day rates (£15.52), Residential Contracted Rates (£485.57 and £538.88), Day Care internal provision £30.12 will be implemented to financially assess client contributions. A further ODR will be submitted following the outcome of negotiations to confirm final fees.

Box 3

REASON FOR THE DECISION:

Care fees are reviewed annually as part of the budget setting process to reflect inflationary pressures in line with the Care Act 2014 'Support Statutory Guidance' which specifically requires Local Authorities to:

- Reflect a fair cost of care in fee setting and not to set arbitrary or unsustainable fees.
- Enable providers to pay at least the national minimum/living wage.
- Understand the business environment and risks faced by providers.

For 2018/19, the key inflationary factors effecting care provider costs are –

- The Living Wage (for adults 25 or over) increasing by 4.40% to £7.83/hour with effect from April 2018.
- The National Living Wage (for adults under 25) increasing by 4.68% to £7.38 with effect from April 2018.
- The Consumer Price Index (CPI) 12-month rate was 3.0% in September 2017, with RPIX (stipulated for some contracts) at approximately 4.1% in September 2017.
- Employers pension contributions to statutory workplace pensions will increase from 1% to 2% of qualifying earnings from April 2018.

The Council has worked closely with the CCG colleagues in considering the 2018/19 fee proposals, considering that some care packages are jointly funded.

The proposals contained in this ODR enable to Council to fulfil its Care Act responsibilities in relation to market stability and ensure adequate and appropriate service provision.

Domiciliary Care

The existing domiciliary care hourly rate methodology has been uplifted by 4.59% to £15.52 in order to take into account:

- The April 2018 national minimum wage uplifts for both adults above age 25 and adults below age 25.
- CPI inflation of 3% applied to non-salary elements.
- An additional 1% employer pension contribution
- The apprenticeship levy of 0.5% of pay costs

Historically a small number of packages attracted a discretionary and additional premium of £1 per hour for what was considered "hard to reach" packages. Since the geographic zoning under the new CCASH arrangements no new additional payments have been made. Therefore this premium only applies to 16 packages. The £1 premium will remain unchanged in 2018/19.

A Supplementary Home Support Service (SHS) has been commissioned in order to provide bridging capacity for DToC (delayed transfer of care). This service will attract a £2 premium to the base home care rate. Additionally, a one off payment of £50 for each individual care planning personalised assessment; will be made to ensure an adequate flow of service users in a transient service.

Residential Care Homes

Within the context of the on-going and challenging public sector budgetary situation, the Council regard it as appropriate, necessary and prudent to reflect the unavoidable additional costs faced by the care home market.

Therefore the existing Residential Care Home (including nursing placements) weekly rates are proposed to be uplifted as per the table on page one in order to take into account of the cost of care, including :

- The Living Wage (for adults 25 or over) increasing by 4.40% to £7.83/hour with effect from April 2018.
- An additional 1% employer pension contribution
- CPI inflation of 3% applied to non-salary elements

A review of the rate of return on capital found the current value was still appropriate and did not require further uplift. It was agreed that no efficiency target would be applied until the impact of the change of the Council to no longer contract self-funders was better realised by care home providers.

It is proposed that discussions are commenced with the local care home providers with a view to calculating future fee increases by “passporting” future national living wage uplifts and applying a CPI uplift to future non staffing costs.

During the process consideration was also given to occupancy levels within Doncaster’s existing residential provision (this continues to remain high, in the order of 18%) and the council does not wish to incentivise further provision as this would destabilise the local market. In addition the Council’s strategy seeks to reduce care home placements by supporting more people at home which will potentially further increase vacancies.

Over the past 12 months the residential care homes for the elderly market has remained stable within the Doncaster area. Whilst there has been one closure of a 37 bed provision the Council is currently considering a major planning application for residential care for the elderly, demonstrating the stability of the local care home market.

The Funded Nursing Care (FNC) is the **funding** provided by the NHS to homes providing **nursing** to support the provision of **nursing care** by a registered **nurse**. The FNC is a nationally set rate. The rate for 2018/19 is yet to be confirmed by the Department of Health. This cost is met locally by Doncaster Clinical Commissioning Group (CCG). The total amount paid to the care home providers for these Nursing placements would be the DMBC rates quoted in this ODR along with the FNC rate paid by the CCG.

Specialist Residential Fees

Within the context of the on-going and challenging public sector budgetary situation, the Council regard it as appropriate, necessary and prudent to require high cost specialist providers to also generate efficiencies to contribute towards the uplift of the National Living Wage, the roll out of workplace pensions and more general inflation.

The actual financial effect of inflationary pressures will be unique to each provider and dependent upon:

- the number of staff employed
- applicable pay rates for each member of staff
- the proportion of staffing costs to other costs and margins.

The Council's decision to approve a [redaction] fee uplift takes into account the requirement for high cost specialist providers to generate efficiencies. This decision also mirrors that of the Doncaster Clinical Commissioning Group. There is obvious merit in adopting the same approach as the CCG as many providers are common to both agencies and in some instances service users supported are subject to joint funding arrangements from both agencies.

Whilst it can be anticipated that numbers of providers may seek higher uplifts, it has been agreed with the CCG that any eventual individual discussions or negotiations would be undertaken within the principles of "open book" accounting methodologies and will continue to require efficiency savings from providers in recognition of the on-going and challenging public sector budgetary situation.

Supported Living

Whilst the current contract does not include any inflationary element it was uplifted last year to reflect the new statutory arrangements in relation to sleep in provision and the unavoidable uplift in national Living Wage. The contracts are currently being re-tendered with a start date of September 2018. However, the National Living Wage will increase in April 2018 affecting the costs of both direct care hours and sleep in hours. Therefore negotiations are currently being undertaken individually with the four contracted providers within the context of the floor and ceiling rates specified in the current tender process.

Extra Care

Various tendered rates are paid for extra care schemes.

The uplift proposed takes into account:

- The Living Wage (for adults 25 or over) increasing by 4.40% to £7.83/hour with effect from April 2018.
- An additional 1% employer pension contribution
- CPI inflation of 3% applied to non-salary elements

Day Care

[redaction]

[redaction] Internal provision has been inflated by [redaction] to reflect increasing costs, [redaction]

[redaction]

Box 4**OPTIONS CONSIDERED & REASONS FOR RECOMMENDED OPTION:**

The option to not increase the fees was considered but was not recommended due to true increasing provider costs being recognised.

Recommended option is to inflate the fees based on the benchmark work carried out in January and February 2017 and inflated to take account of the National living wage, and CPI inflation.

Box 5**LEGAL IMPLICATIONS:**

The local authority is obligated to meet the eligible needs for care and support of its population in accommodation in a care home or by providing care and support to those individuals in their home or in the community. The local authority can provide these services themselves or arrange for someone else other than it to provide the service.

When setting the fee to be paid for these services the council must follow statutory guidance which includes:

Ensuring contract terms, conditions and fee levels are appropriate to allow providers to deliver care with the agreed quality whilst allowing for them to meet statutory obligations to pay at least the national minimum wage.

Understanding the business environment of the providers offering services in their area and seeking to work with them facing challenges and understand their risks.

Not undertaking any actions which may threaten the sustainability of the market.

Having regard to the actual cost of good quality care and not set arbitrary amounts or ceilings for particular types of accommodation that do not reflect a fair cost of care.

Name: Paula Coleman Signature: By e-mail Date: 14th March 2018
Signature of Assistant Director of Legal and Democratic Services (or representative)

Box 6**FINANCIAL IMPLICATIONS:**

The purpose of this ODR is to agree the annual uplift of provider care fees. The Council's proposed budget for 2018/19 includes an allocation of £3m towards price inflation for Adults, Health and Wellbeing directorate. The proposed care fee uplifts have been costed and will be managed within that allocation, summarised as follows:

Summary of price inflation for 2018/19:

Service area	2018/19 Inflation £
Residential/Nursing	1,755,230
Home care	424,510
Direct Payments	252,090
Supported living	695,590
Extra care	28,250
Equipment	44,940
Other adults contracts/inflation	386,500
Client contributions - Non-resi services	-118,590
Client contributions - Residential	-463,320
TOTAL	3,005,200

Client contributions are charged in accordance with the Council's 'Charging and Financial Assessment for Adult Care and Support' policy. The Council's fees include disregarded expenses, which have been uplifted by the CPI rate of 2.9%. The budget assumes increases from 0% for those (WAA) under pension age as there will be no increase to the basic amounts of income support, employment support allowance or universal credit in 2018/19 (note there was no increase 2017/2018 either) to 3% for older people based on the government's announcement of the state retirement pension increase.

Name: Kathryn Black **Signature:** **Date:** 12/02/18
Signature of Assistant Director of Finance & Performance
(or representative)

Box 7

HUMAN RESOURCE IMPLICATIONS:

There are no apparent Human Resources Implications within this particular ODR.

Name: _Bill Thompson Senior HR&OD Officer_ **Signature:** Bill Thompson **By Email**
Date: 13/03/2018 _____ **Signature on behalf of Assistant Director Human Resources, Communications & Executive Office (or representative)**

Box 8

PROCUREMENT IMPLICATIONS:

These are existing contracts and the terms in those will include pricing increase mechanisms. The above should represent those contractual terms. Good contract management ensures we work with the market to ensure a plentiful supply of services and ignoring the issues this sector faces and not increasing rates could be detrimental and cost the Council more if interim agreements were needed to 'plug the gaps' due to the supply market shrinking.

To ensure best value it would have been good to see the benchmarked costs of the above from similar Local Authorities.

It is also essential that we ensure, through effective procurement and contract management, that the care providers are complying with the legislation which has driven the need for an increase.

Name: Holly Wilson Signature:  Date: 13/3/18
Signature of Assistant Director of Finance & Performance
(or representative)

Box 9
ICT IMPLICATIONS:

The DOMCARE system manages provider payments for non-residential care and includes a maintenance screen to allow the amendment of the hourly rate for each provider.

The rates for non-residential care will also be amended in the Abacus system by the Financial Assessments Team, as part of the year-end process.

The new rates for residential care will need to be updated in the CareFirst system by Digital & ICT.

Name: Peter Ward (Governance & Support Manager)

Signature:  **Date:** 15/03/18

Signature of Assistant Director of Customers, Digital & ICT (or representative)

Box 10
ASSET IMPLICATIONS:

There are no implications arising from the recommendations of this report that impact on the use of DMBC assets.

Name: Gillian Fairbrother (Principal Property Surveyor)

Signature: By email **Date:** 13th March, 2018

Signature of Assistant Director of Trading & Property Services
(or representative)

Box 11
RISK IMPLICATIONS:
To be completed by the report author

Not increasing fees to care providers could cause suppliers to withdraw from the market.

Box 12**EQUALITY IMPLICATIONS:****To be completed by the report author**

The Council must consider and have due regard to the three aims of the general equality duty when developing and implementing its budget and changes to care fees.

The Council will ensure it makes fair and informed financial decisions, demonstrating its commitment to improving outcomes for the most vulnerable groups of people living in Doncaster. The Council uses a simple due regard process to ensure due regard is considered and to support a transparent, effective process that is accountable to users and residents.

The care fee proposals therefore require a due regard assessment prior to implementation. The inflationary increases proposed in this report are being applied to all placements and are not inequitable to any protected groups. Client contributions are charged in accordance with the Council's 'Charging and Financial Assessment for Adult Care and Support' policy. The policy ensures that people are only required to pay what they can afford towards their care and support, and people are entitled to financial support based on a means-test.

Due regard has also been considered in relation to the service being provided i.e. the Homecare Service received by service users.

Name: Ian Campbell & Kathryn Black Signature: by email Date: 12/03/2018
(Report author)

Box 13**CONSULTATION**Providers

A range of on-going negotiations with providers continue with regard to the services commissioned. The outcome of which will be reported on the subsequent ODR

Officers

Colleagues within the CCG have worked with the Council to review and agree the residential care fees.

Members

The proposals are in line with the budget approved by Cabinet.

Box 14

INFORMATION NOT FOR PUBLICATION:

In Accordance with the Freedom of Information Act, this decision will be published in full, however, commercially sensitive data will be redacted, as well as signatures.

Name: Gillian Parker_ Signature: by email_ Date: 16/03/2018
Signature of FOI Lead Officer for service area where ODR originates

Box 15

[redaction]

Signed: _____ Date: 20/03/2018
Director of People Damian Allen

Signed: _____ Date: _____
Additional Signature of Chief Financial Officer or nominated representative for Capital decisions.

Signed: _____ Date: _____
Signature of Mayor or relevant Cabinet Member consulted on the above decision (if required).

- This decision can be implemented immediately unless it relates to a Capital Scheme that requires the approval of Cabinet. All Cabinet decisions are subject to call in.
- A record of this decision should be kept by the relevant Director's PA for accountability and published on the Council's website.
- A copy of this decision should be sent to the originating Directorate's FOI Lead Officer to consider 'information not for publication' prior to being published on the Council's website.
- A PDF copy of the signed decision record should be e-mailed to the LA Democratic Services mailbox