



1. Market Sustainability and Fees to Provider 2017

1.1. The contents of this paper can be shared with the general public

1.2 Date of Health & Wellbeing Board meeting 31st January 2017

1.3 Author of the Paper and contact details

Jane MacDonald Commissioning Manager Adult Social Care

Jane.macdonald@brighton-hove.gov.uk

Tel: Brighton 01273 (29)5038

2. Summary

2.1 This paper outlines current fees paid to independent for profit, voluntary and community care providers. Those affected are care providers and potentially vulnerable adults for whom they provide care and support. It is recognised that public finances are under pressure. The services that are considered in this report are integral to the wider health and care system, which includes managing patient flow in and out of hospital. The recommendations are for fees to be paid from April 2017.

3. Decisions, recommendations and any options

3.1 The recommendations are set out below. The underpinning evidence is contained in the main body of the report:

Service	Current fee	New fee	% uplift
In city care homes – set fees	£543	£556	2.4%
In city care homes with nursing – set fees	£699.25	£712.25 Includes FNC at £156.25 note this may change	2.4%
In city care homes – individually negotiated	Variable	By negotiation	Variable
In city care homes with nursing – individually negotiated	Variable	By negotiation	Variable



Service	Current fee	New fee	% uplift
Out of city care homes – set fees	Host authority		Variable
Out of city care homes with nursing – set fees	Host authority		Variable
Out of city care homes – individually negotiated	Variable	Variable	Variable
Out of city care homes with nursing – individually negotiated	Variable	Variable	Variable
In city care homes and care homes with nursing individual negotiated rates	Variable	Not less than £556 plus FNC	
In city care homes and care homes with nursing block contacts	Variable	By negotiation	Variable
Supported Living for people with learning disabilities	Variable	Variable	1%
Community support for people with learning disabilities	Variable	£17.53	Variable
Supported Living for adults with Physical and/or Sensory Disabilities and Acquired Brain Injury	Variable	Variable	1%
Community support for adults with Physical and/or Sensory Disabilities and Acquired Brain Injury	Variable	£17.53	Variable
Shared Lives fee to carers	Variable	Variable	2% to care
Home care main area/back up provider – core fee	£17.24	£17.53	1.68%
Home care main area/back up provider – enhanced fee	£19.24	£19.56	1.68%
Direct Payments Monday to Friday hourly rate	£10.40	£10.60	Variable
Direct Payments Weekend hourly rate	£11.40	£11.60	Variable
Existing Direct Payment contract uplifts hourly rate*	Variable	Variable	1.8%

The total cost to the Community Care budget is £1.030m

4. Relevant information

4.1 Overview of the market

4.1.1 The Care Act 2014 requires Local Authorities to promote a diverse market of high quality care and support services. The care market locally is fragile. In common with other areas in the region, many providers active in the city struggle to recruit and retain sufficient care workers to provide quality services. This has been an issue in older people services for a number of years, but increasingly now it is affecting services for younger adults.



4.1.2 The volume of care providers seeking to exit the local market is concerning. Whilst the number of care homes with nursing has remained relatively static over the last 4 years the number of care homes closing is at an all-time high. The number of home care providers leaving the market also exceeds those joining. Neighbouring authorities are experiencing similar issues and looking to secure their local provision through use of block contracts. This is likely to impact on Brighton and Hove as significant care home placements are made outside the city.

4.1.3 Both locally and nationally there is growing evidence that care providers are handing back unprofitable work, both home care packages of care and whole contracts. <https://www.theguardian.com/social-care-network/2016/aug/30/company-handing-homecare-contracts-back-to-councils>

4.1.4 At the same time the complexity of care and the skills needed by care workers continues to grow. Prevention of admission to hospital and timely discharge are critical to well-functioning health and care arrangements. A whole system approach to care relies on care providers being able to provide the services that are needed. In order to do this they need to be a viable a business, one that is sustainably funded.

4.2 Care homes and Care Homes with Nursing

4.2.1 Care homes and care homes with nursing in the city on set fees
In September 2016, following a market engagement exercise care home and care home with nursing providers were awarded a significant uplift of set fees. The weekly set fee for a care home placement is £543. The Health supplied Funded Nursing Care (FNC) cost of £156.25 is added to the weekly care home fee to make a total of £699.25. This is the weekly set fee for a care home with nursing bed. The Living Wage Foundation is recommending uplifts of 2.4% to care workers pay. Whilst care homes are not contracted to pay Living Wage Foundation wages to care workers there is a desire from both the Council and CCG to support recruitment and retention in this sector. It is recommended that these set fees are uplifted by 2.4%.

4.2.2 The FNC rate was increased by 40% in August 2016 on an interim basis whilst a review takes place. Potentially this could lead to a reduction to the rate from January 2017.

4.2.3 Care homes and care homes with nursing in the city individual negotiated rates



Some placements made in some care homes and care homes with nursing are individually negotiated. These tend to be for people with learning disabilities, physical and or sensory disabilities, acquired brain injury or functional mental health needs. Fees and can vary significantly according to provider and individual user’s needs. There has not been a general uplift for six years and as a consequence some fees paid are lower than set rates. It is recommended that the fee paid should not be less than the set fee.

4.2.4 Out of city care homes and care homes with nursing

4.2.4.1 It has long been recognised that each local area best understands their local market. It is recommended that Brighton and Hove City Council match the applicable host authority set fees for new and existing registered care home placements out of the city where these fees apply. This practise is common to most other councils. It is also recommended that unless there are exceptional circumstances any waiver or third party agreement will not be increased until the local set fee has been reached.

4.2.4.2 With regard to out of city placements where there are no set fees, the recommendation is to micro-commission future placements using current systems with future consideration of a Dynamic Purchasing System.

4.2.5 It is recommended that care homes and care homes with nursing that have block contract arrangements individually negotiate arrangements.

4.2.6 Recommendations for care homes and care homes with nursing

Services	Current fee	New fee	% uplift
In city care homes – set fees	£543	£556	2.4%
In city care homes with nursing – set fees	£699.25	£712.25 Includes FNC at £156.25 note this may change	2.4%
In city care homes – individually negotiated	Variable	Not less than set rates	Variable
In city care homes with nursing – individually negotiated			
Out of city care homes – set fees	Host authority		Variable
Out of city care homes with nursing – set fees	Host authority		Variable
Out of city care homes – individually negotiated	Variable	By negotiation	Variable
Out of city care homes with nursing – individually negotiated	Variable	By negotiation	Variable
In city care homes and care homes with nursing block contacts	Variable	By negotiation	Variable



4.3 Learning Disability Fees: Supported Living, Community Support

4.3.1 Learning Disability services in Brighton & Hove have not received the same increase in fees as other areas of service for the past six years. Many fees are individually negotiated, making it difficult to apply a standard uplift. Learning disabilities services, are finding it increasingly difficult to recruit and retain staff.

4.3.2 Supported living for people with learning disabilities

The Council has engaged with local providers of supported living services, to develop an understanding of the fees paid. There are now clear hourly set rates for supported living services that apply to both core costs and additional hourly rates. These rates are generally considered to be value for money. The recommendation is for supported living services for adults with a learning disability to increase fees by 1%

4.3.3 Community support for people with learning disabilities

4.3.3.1 Community support services for adults with learning disabilities provide CQC registered care services that can support individuals with personal care needs. They also provide support for service users to access the community and develop independent living skills. Community support in some respects is similar to home care. Providers are competing for staff with home care agencies. Currently community support fees range from £15.50 to £16.50 per hour, which is less than the fee paid to contracted home care providers.

4.3.3.2 There is a risk to the sustainability of the market if community support providers are not able to recruit and retain staff. In 2016/2017 a large, local provider exited the market citing financial difficulties. The recommendation for community support services for adults with a learning disability is an increase to the same rate as the core home care rate (2017-8) of £17.53 per hour.

Services	Current fee	New fee	% uplift
Supported Living for people with learning disabilities	Variable	Variable	1%
Community support for people with learning disabilities	Variable	£17.53	Variable

4.4 Services for people with Physical and/or Sensory Disabilities and Acquired Brain Injury

4.4.1 Similarly to learning disability services, fees for services for people with physical, sensory and brain injuries generally have not been increased in recent years.



4.4.2 Supported Living for adults with Physical and/or Sensory Disabilities and Acquired Brain Injury

Supported living is a developing area for these client groups and fees are currently individually negotiated. The recommendation is for supported living service fees for adults with a Physical and/or Sensory Disability and Acquired Brain Injury to increase by 1%.

4.4.3 Community support for adults with Physical and/or Sensory Disabilities and Acquired Brain Injury

Community support rates have been individually negotiated with each provider. The work needed to support people with sensory needs and acquired brain injuries is specialist in nature and the fees reflect this. Workers provide support for service users to access the community and develop independent living skills. Where services are registered with CQC personal care may also be provided. However there are some providers who are receiving less than the fee paid to the contracted home care providers. The recommendation is for community support services for adults with physical /sensory disabilities and brain injuries to increase to the same rate as the core home care rate (2017-8) of £17.53 per hour.

Services	Current fee	New fee	% uplift
Supported Living for adults with Physical and/or Sensory Disabilities and Acquired Brain Injury	Variable	Variable	1%
Community support for adults with Physical and/or Sensory Disabilities and Acquired Brain Injury	Variable	£17.53	Variable

4.5 Shared Lives

4.5.1 Shared lives services support adults who are unable to live independently and they are therefore supported in the community within a family home setting. Shared lives carers provide accommodation, care and support in their own home. Currently the services are being developed to support parents with learning disabilities, young people in transition to adult services and adults with physical disabilities and acquired brain injuries.

In order to facilitate the expansion of shared lives to further client groups and attract more carers an uplift of 2% is recommended to be added to the 2016/17 care component banding levels, and carers aligned to these bandings.

Services	Current fee	New fee	% uplift
Shared Lives Carer's Fee	Variable	Variable	2% to care



4.7 Home care

4.7.1 Home Care main area and back up providers

Much work was undertaken on the home care fee for implementation in September 2016, alongside the new home care contract. There are two rates. The core rate of £17.24 is for adult social care and the enhanced rate is for packages of care that have a Health element e.g. Continuing Health Care. These rates were based on the UKHCA's annual report 'A Fair Cost for Home Care', with some local variations to take into account the particularities of Brighton and Hove.

4.7.2 Unison Ethical Charter for Home Care advocated for the UK Foundation Living Wage of £8.25 per hour to be paid to care workers. The current fee incorporates this. The Living Wage Foundation rate announced on 1st November 2016 increases the UK rate by 2.4% from £8.25 to £8.45. It is recommended that fees paid to home care providers are uplifted to reflect this. Contracted home care providers are then obliged to pass on the uplift to care workers i.e. to pay a minimum of £8.45 per hour for all care workers from date of fee uplift.

Services	Current fee	New fee	%uplift
Home care main area/back up provider – core fee	£17.24	£17.53	1.68%
Home care main area/back up provider – enhanced fee	£19.24	£19.56	1.68%

4.8 Self-Directed Support

4.8.1 Self-directed support also called 'personalisation' gives people control of the support they need to live the life they choose. A key part of the service is the provision of direct payments - funding from the council made to people with assessed needs to buy services or employ people to support them. There are currently over 560 adults in receipt of direct payments and increasing this figure is a key target for Adult Social Care.

4.8.2 Where someone chooses to have direct payments to employ personal assistants the initial care plan is assessed at specific direct payment rates (which do not include profit margins and other agency costs). All people employing personal assistants are encouraged to pay their employees a minimum of £8.50 per hour. The new Living Wage Foundation rate introduced from 31/10/2016 increases the rate by 2.4% from £8.25 to £8.45. It is recommended that direct payment rates for those who employ personal assistants are uplifted to reflect this increase to the wage rate resulting in an overall percentage increase of 2%. The same uplift will be



applied to existing personal budgets. The funding in the personal budget can be used flexibly with agency care and/or personal assistants wages.

Services	Current fee 2016/17	New fee 2017/18	Percentage change
Direct Payments Monday to Friday hourly rate	£10.40	£10.60	2%
Direct Payments Weekend hourly rate	£11.40	£11.60	2%
Existing Direct Payment Personal budgets uplifts hourly rate*	Variable	Variable	2%

*Where a person chooses to use their direct payment to purchase agency, the usual rate will be standard home care rates but this will depend upon their agreed personal budget and eligible care needs.

4.9 Service Contracts

4.9.1 Service contracts are funding arrangements for services provided in the community generally by voluntary and community sector organisations. This category includes day activities and advice and information services. The prospectus approach to commissioning was used for many funding arrangements. The prospectus included the facility for a bidder to set their price for overall delivery of service, including management and operations costs. Thus any relevant cost of living or uplift within the scope of the available funding should have been built into the bid for the length of the funding agreement. There is no recommended change in fees paid to current providers of service contracts.

4.9.2 Both council and NHS commissioners are continuing to work with providers to make efficiencies on an individual basis. There is no recommendation for a change of fee rate for service contracts.

4.10 Further considerations

4.10.1 Additional benefits

Following representation from providers, it is recommended that the current systems of additional benefits offered to providers remain in place. This includes Brighton & Hove City Council continuing to fund and provide a range of training and targeted advice sessions e.g. courses on a range of care topics and fire evaluations that are free to access. The Council also provides advice and support relating to health and safety. Forums for all care home and home care providers are held regularly and recruitment and retention of staff has featured as a main topic. There is also funding for flu vaccines for front line care workers.



4.10.2 Providers experiencing financial difficulty

Any provider experiencing financial difficulty is urged to contact the council. If the council cannot assist directly, business support partners might be able to help. Information is available on the council website.

4.10.3 Other Areas

Other local areas are also modelling rates that they will set. At the time of writing no clear picture is emerging regarding the outcome of this.

5. Important considerations and implications

5.1 Legal

It is a function of the Health and Well Being Board to oversee and make decisions concerning Adult Social Care in the City. The Local Authority has a duty pursuant to Section 5 of the Care Act 2014 to ensure there is a varied and sustainable market available to meet the needs of all persons in its area with care and support needs both now and in to the future. In securing an adequate and quality provision to meet care and support needs the responsible public bodies must have regard to individuals' Human Rights in accordance with the Human Rights Act 1998

Lawyer consulted: Judith Fisher

Date 10/01/2017

5.2 Finance

5.2.1 The Council provides in the region of 3,800 packages of care with external providers for different types of care at a gross cost of £72m across all primary support groups i.e. Physical Support, Sensory Support, Memory & Cognition Support, Mental Health Support and Learning Disabilities.

5.2.2 The proposed increase in rates is set out in the main body of the report and summarised in paragraph 3.1. These changes will result in an increase Community Care spend by £1.3m. The current 2017/18 budget assumes a fee uplift of 2% which will fund a large proportion of the increase.

5.2.3 If the ASC Precept is agreed for 2017/18 it will be allocated to fund the fee uplift.

5.2.4 Out of area placements, not on set rates, will continue to be individually commissioned and the financial impact of any changes will be monitored.

Finance Officer consulted:

Sophie Warburton Date: 21/12/2016



5.3 Equalities

5.3.1 Work is on-going into the Equalities Impact Assessment

5.4 Sustainability

5.4.1 The recommendations are intended to be fair and sustainable prices which support the care market to be sustainable.

5.5 **Engagement**

5.5.1 Public Health

Public Health is aware of the recommendations and they are in line with Public Health contracts.

Chris Naylor

Business Manager, Public Health

5.5.2 Clinical Commissioning Group Comments

The CCG is broadly in support of the recommendations in this report.

5.5.3 Families, Children and Learning

All of the fee proposals have been taken into account in calculating the additional pressures funding required.

Regan Delf

Assistant Director, Health, SEN &

Disability

5.5.4 Registered Care Association

In view of the announcement by the government that local authorities can increase the ASC precept from 2% to 3% for 2017/18 and similarly for 2018/19 the Brighton and Hove Registered Care Association feel that the recommended increase for in city care homes set fee should be on the assumption that the precept will be at 3%.

The Association considers it vital to take advantage of the opportunity now presented to increase the set fee by as much as possible from April 2017 so that providers can pay over the national living wage. This helps ensure the recruitment and retention of staff and the financial viability of care homes.

The Association is very pleased it is recommended (4.10.1) that the current systems of additional benefits offered to providers remain in place. Providers value these benefits including training and the information and networking at forums.

Graham Dean

Chair Brighton and Hove Registered Care Association



5.5.5 Housing, Communities and Neighbourhood

The Communities and Equalities team continue to work with Adult Social Care and CCG Commissioners with support for the EIA assessments and would suggest ensuring that assessment of how contracts are awarded. It is critical to take into account how to balance efficiencies with quality, social value and overhead costs in future reviews for all service contracts for all types of providers.

When the activity that is in the current prospectus is reconsidered, commissioners need to be mindful of both budget considerations and inflation.

6. Supporting documents and information

None

