

Report to the Cabinet Member for Adult and Community Services
Report submitted by: Head of Service, Policy, Information and Commissioning
(Age Well)
Date: 23 January 2017

Part I

Electoral Divisions affected:
All

Adult Social Care Fee Uplifts - 2017/18

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Executive Summary

Lancashire County Council supports approximately 25,000 adults in community and residential based settings at an annual cost of approximately £300 million per year.

This report sets out the County Council's proposed fee uplifts for adult social care providers for 2017/18.

This is deemed to be a Key Decision and the provisions of Standing Order No. 25 have been complied with.

Recommendation

The Cabinet Member for Adult and Community Services is recommended to approve, with effect from 3 April 2017, the following uplifts:

- i. Residential & nursing care (all client groups) – 4.17%
- ii. Homecare (all client groups) – 4.37%, increasing the approved rates for homecare services to £13.30 per hour / £7.14 per half hour.
- iii. Supported Living – 4.52% for waking hours and 5.39% for sleep in hours, increasing the approved rates for supported living to £13.98 and £9.03 respectively.
- iv. Extra Care – 4.37%
- v. Direct Payments (including direct payments for respite) – No increase. If a person is no longer able to meet their needs within the current budget they should contact the County Council for a review of their needs.
- vi. Carers – 4.17%
- vii. Shared Lives – 4.17%
- viii. Day Care – 4.17%
- ix. Rolling Respite & Provider Brokerage – uplift in line with the relevant service (e.g. homecare / residential care).

Background and Advice

Funding Context

Lancashire County Council supports approximately 25,000 adults in community and residential based settings at an annual cost of approximately £300 million per year.

The County Council is faced with a significant shortfall in overall funding during the next three years as demand and cost pressures are forecast to continue to increase.

Some of the demand pressures will be addressed through the Adults Transformation work and may be alleviated to an extent by changing models of service delivery.

This report focuses uplifting rates for existing service models at a level which is affordable for the County Council, but are also reflects inflationary costs incurred by providers in delivering their services.

The most significant increase in costs for 2017/18 is the increase in the National Living Wage, which will increase from £7.20 to £7.50 per hour (4.17%).

Uplifts

The living wage will increase by 4.17% but it should be noted that does not represent the total cost increase of delivering services. Whilst labour constitutes a significant component there are other aspects of providers cost base that change by higher or lower amounts.

The uplifts proposed are a weighted average that reflect the living wage, changes to auto-enrolment contributions as well as other inflationary factors.

Residential Care

The County Council's fee uplift for 2016/17 was intended to address the discrepancy between a "fair price for care" and actual fees paid. The uplift for 2017/18 represents an inflationary uplift.

It is recommended that all residential providers receive an uplift of 4.17% across all client groups.

Homecare

It is recommended that homecare providers receive an uplift of 4.37%, increasing the approved rates for homecare services to £13.30 per hour / £7.14 per half hour pending the new framework commencing.

Supported Living

It is recommended that the supported living providers receive an uplift of 4.52% for waking hours and 5.39% for sleep in hours, increasing the approved rates for supported living to £13.98 and £9.03 respectively.

Extra Care

Extra Care is a compromise between sheltered housing and a care home. It allows residents to continue living independently, typically in a self-contained flat or bungalow, while benefiting from personal care support being readily available on site. It is recommended that extra care providers receive a 4.37% uplift.

Direct Payments

The purpose of a direct payment is to provide service users with freedom to design their own care packages. As a result, the County Council does not have full visibility of how individuals' use their personal budget.

Some people may design creative means of support that are insulated from inflation and would not require an inflationary increase, for example an individual may design a support plan that has historically allowed them to pay a carer more than the national living wage. As a result they would not be affected by the April 2017 National Living Wage increase. Other individuals may use elements of their budget to buy care directly from an agency and hence be subject to an inflationary increase during the year.

Two options are possible:

- 1) Direct payments do not receive an inflationary uplift. Instead, any person who is no longer able to meet their care and support needs within existing budget should contact the County Council for a review of their needs.
- 2) Direct payments are subject to uplift in line with the domiciliary care rate for their client group.

It is recommended to adopt option 1.

Carers

Carers are paid a one off fixed amount of £202 or £303 as a direct payment depending on the level of support they require. The scheme was introduced in April 2015 and is intended to help people in their role as a carer and may use this money as they see fit.

The proposal is to uplift fees by 4.17% to £210 and £315 respectively in line with the National Living Wage increase.

Shared Lives

Shared Lives is a care service for adults with learning or physical disabilities and for older people. Care is family based and provided by individuals and families. Shared Lives carers are local people recruited and trained to make sure they have the right qualities to provide care and support.

The proposal is to uplift fees in line with the National Living Wage increase of 4.17%.

Day Care

Day time support is delivered in a variety of locations from traditional accommodation based services through to outdoor activity centres. It is recommended that day care providers receive a 4.17% uplift.

Rolling Respite & Provider Brokerage

The proposal is to uplift fees associated with rolling respite and provider brokerage in line with the relevant service, e.g. rolling respite for homecare care be uplifted to reflect the homecare care rates stated above.

Direct Payments for Respite

Respite arranged via payment cards is similar to a direct payment in that the amount may be used in a manner determined by the card holder. This could be to pay for traditional services such as homecare or more creative methods that are insulated from the effects of pay awards. As a result it is proposed that payment card based respite is not uplifted but if a person is unable to meet their needs within their allocated respite budget they should contact the County Council for a review of their needs.

Timing of Uplifts

It is recommended that uplifts take effect from 3 April 2017 so as to coincide with the start of the financial year and billing cycles.

Homecare & Supported Living

Homecare and Supported Living are both subject to framework tenders whereby providers will submit a rate rather than the County Council setting a rate. As a result there will be a period of time between contract commencement and completion of mobilisation, (i.e. where service users are transitioned to a successful provider). In order to simplify payment processing it is recommended that the County Council adopts the following approach to rates during the transition period:

- 1) All providers receive an inflationary uplift from April 2017 in accordance with the previous section (referred hereafter to as the prevailing rate).
- 2) Upon framework commencement, all unsuccessful providers continue to be paid at the prevailing rate until their business has been transferred to a provider who has successfully gained a place on the new framework.
- 3) Upon framework commencement all successful providers receive a further uplift to their tendered rate.

Consultations

The County Council consulted the Health and Social Care Partnership Finance Sub Group on 29 November 2016 regarding the proposed 2017/18 uplift. The partnership was appreciative of, and welcomed, the level of uplift.

Implications:

This item has the following implications, as indicated:

Financial

If the recommendations set out in this report are approved, the fee uplifts will cost c£14m.

As part of the County Council's Medium Term Financial Strategy (MTFS) price inflation is estimated and included using the Laing and Buisson model. These proposals do not result in an additional pressure on the Adults Services budget as price increases (including the living wage) have already been built into the MTFS.

It should be noted that whilst the price increases proposed do not pose additional pressures on the County Council's MTFS, the County Council is currently operating on financial reserves. There remains insufficient funding to support these increases once the County Council's reserves have been exhausted, currently forecast to be in 2018/19.

Legal

The Care Act 2014 requires that "local authorities should not undertake any actions which may threaten the sustainability of the market as a whole – for example, setting standard fee levels below an amount which is sustainable for providers in the long-term".

The proposed fee uplifts have been set at a level that reflects current market conditions. They incorporate changes to the living wage as detailed in the Chancellor's autumn statement in addition to other factors such as changes in employer's contribution rates for pension auto-enrolment and general inflation.

List of Background Papers

Paper	Date	Contact/Tel
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None		
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Reason for inclusion in Part II, if appropriate		
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