

## Report to the Cabinet

Meeting to be held on Thursday, 18 January 2018

### Report of the Director of Financial Resources

#### Part I

Electoral Divisions affected:  
All

### Adult Social Care Fee Uplifts - 2018/19

Contact for further information:

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#### Executive Summary

Lancashire County Council supports approximately 30,000 carers and adults in community and residential based settings at an annual net cost of approximately £300 million per year.

This report sets out the County Council's proposed fee uplifts for adult social care providers for 2018/19.

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

#### Recommendation

The Cabinet is recommended to approve the following uplifts:

(i) Residential & nursing care

It is recommended that Older Peoples approved residential care rates are increased as follows:

Nursing Standard	3.82%
Nursing Dementia	3.82%
Residential Dementia	3.82%
Residential Higher	3.75%
Residential Standard	3.48%

For other client groups a rate of 3.82% is proposed and in turn the minimum fee level for new placements be increased to £545.46.

(ii) Homecare (all client groups)

A new Homecare Framework commenced in November 2017. Successful providers tendered a rate for each year of the contract and no further uplift is proposed in this paper.

The County Council is in the process of migrating service users from unsuccessful providers and expects to complete this process during 2018/19. As a result it is proposed that unsuccessful providers receive an inflationary uplift of 3.17% in line with the 2018/19 cost increase associated with the Homecare Framework tender.

- (iii) Supported Living – increasing the approved rates to £14.51 per waking hour and £9.42 per sleep-in hour.
- (iv) Extra Care – 3.17%
- (v) Direct Payments – 3.41%
- (vi) Carers – Uplift the fixed payments of £210 / £315 to £219.25 / £328.85 respectively.
- (vii) Shared Lives – 4.40%
- (viii) Day Care – 4.07%
- (ix) Rolling Respite & Provider Brokerage – Uplift in line with the relevant service (e.g. homecare/residential care).

All increases to be effective from 2 April 2018.

## **Background and Advice**

### **Funding Context**

Lancashire County Council supports approximately 30,000 carers and adults in community and residential based settings at an annual net budget of approximately £300 million in 2018/19. This net figure includes income from Health and Service User contributions as well as Better Care Fund (BCF) funding. The net cost also includes approved savings amounting to £21 million which Adults Services are targeting to achieve.

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 are being addressed through the Adults Transformation work and may be alleviated to an extent by changing models of service delivery.

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

The most significant increase in costs for 2018/19 is the increase in National Living Wage, which will increase from £7.50 to £7.83 per hour.

## UPLIFTS

The living wage will increase by 4.40% 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 provider's cost base that change by higher or lower amounts.

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

### **Residential Care**

It is recommended that Older Peoples approved residential care rates are increased in line with the table below.

	2017/18 Fee	2018/19 Fee*	Increase	RNCC^	Gross Fee
RESIDENTIAL STANDARD	£434.10	£449.21	3.48%	£0.00	£449.21
RESIDENTIAL HIGHER	£489.76	£508.14	3.75%	£0.00	£508.14
RESIDENTIAL DEMENTIA	£525.38	£545.46	3.82%	£0.00	£545.46
NURSING	£495.50	£514.44	3.82%	£155.05	£669.49
NURSING DEMENTIA	£584.44	£606.78	3.82%	£155.05	£761.83
*Room premium remains unchanged					
^Health Contribution towards Nursing Care					

For other client groups a rate of 3.82% is proposed and in turn the minimum fee level increased to £545.46

### **Homecare**

The County Council completed its procurement of homecare services during 2017/18 whereby successful providers tendered a rate for each year of the framework.

Whilst successful providers have an agreed rate for each year of the contract, as determined through the tender process, the County Council is in the process of transitioning service users from unsuccessful providers. It is anticipated that this exercise will be completed during 2018/19 and the County Council recognises that their costs will increase as a result of national living wage increase. It is proposed that unsuccessful providers receive an inflationary uplift of 3.17% in line with the 2018/19 cost increase associated with the Homecare Framework tender.

Successful providers will receive an annual uplift on the anniversary of contract award as detailed in the Homecare Framework terms and conditions.

### **Supported Living**

It is recommended that the supported living approved rates are increased to £14.51 per waking hour and £9.42 per sleep in hour.

### **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 3.17% uplift.

### **Carers**

Carers are paid a one off fixed amount of £210 or £315 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 the payments in line to £219.25 and £328.85 respectively.

### **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 by 4.40% in line with the National Living Wage increase.

### **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 4.07% uplift.

### **Rolling Respite & Provider Brokerage / Individual Service Funds (ISF's)**

The proposal is to uplift fees associated with rolling respite and provider brokerage in line with the relevant service e.g. residential respite and supported living ISF's will be uplifted in line with the rates detailed earlier in this paper.

### **Direct Payments**

It is recommended that an inflationary uplift of 3.41% is applied to all weekly Direct Payments set up prior to 2 April 2018.

If after this uplift has been applied, any person who still cannot meet their care and support needs within their existing budget or finds they are receiving too high a personal budget should contact the County Council.

### **Out of County Placements**

In order to prevent unequal price uplifts in neighbouring Authority areas the rate uplifts described in this paper will not be applied to placements made outside of the County Council's border. Instead the County Council will honour the host authority uplifts upon receipt of confirmation of the host authority uplift. *(Providers should contact the County Council and provide confirmation of the host authority's rate increase).*

## **Consultations**

The County Council met with providers through the Health and Social Care Partnership Finance Sub Group (HSCP) in December 2017 to share information regarding the proposed 2018/19 uplift for care homes. The HSCP, co-chaired by the County Council and Lancashire Care Association (LCA), continues to seek to work for quality care that addresses affordability for commissioners and sustainability for providers recognising the financial pressures on both the local authority (as commissioners) and on providers.

## **Implications:**

This item has the following implications, as indicated:

### **Financial**

The fee uplifts described in this report will cost c£11.7m.

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

It should be noted that whilst the price increases proposed in this paper do not pose additional pressures on the County Council's MTFS, the County Council is currently operating on financial reserves and faces continued financial pressures.

Notwithstanding these pressures, the County Council continues to increase fees to support Lancashire providers.

### **Legal**

The Care Act 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".

Fee uplifts proposed in this paper 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

Reason for inclusion in Part II, if appropriate

N/A