

Report to the Cabinet

Meeting to be held on Thursday, 6 February 2020

Report of the Head of Service - Policy, Information and Commissioning (Live Well and Age Well)

Part I

Electoral Divisions affected:
(All Divisions);

Adult Social Care Fee Uplifts - 2020/21

Contact for further information:

John Sleightholme, Tel: (01772) 530136, Manager, Financial Intelligence - Age Well
john.sleightholme@lancashire.gov.uk

Executive Summary

Lancashire County Council supports approximately 35,000 carers and adults in community and residential based settings, at an annual net cost of approximately £341 million per year.

This report sets out the county council's proposed fee uplifts for adult social care providers for 2020/21. However, it should be noted that the county council is currently using structural reserve funding and faces continued financial pressures. Notwithstanding these pressures, the county council continues to increase fees to support Lancashire providers.

The uplifts proposed in this report are a weighted average of national living wage, pension auto-enrolment and other inflationary factors, and are subtly different across services and fee levels due to their differing cost bases.

In response to a successful legal challenge by Mencap in relation to payments for sleep-in services for adults with learning disabilities, changes to night support rates were published in June 2019 and do not form part of this report.

This is deemed to be a Key Decision and the provisions of Standing Order C19 have been complied with.

Recommendation

Cabinet is asked to approve the following uplifts, with effect from 1 April 2020:

- (i) **Residential and nursing care**
Older Peoples approved residential care rates:
 - Nursing Standard 4.65%
 - Nursing Dementia 4.76%

Residential Standard	4.54%
Residential Higher	4.82%
Residential Dementia	4.89%

For other client groups: 4.89% minimum fee level for new placements increased to £595.07 per week.

For self-funders living in the county council's in-house older peoples residential homes: 4.89%.

- (ii) **Homecare (all client groups)**
Where care has been commissioned off-framework, an inflationary uplift of 4.88% in line with the forecast 2020/21 cost increase associated with the Homecare Framework.
- (iii) **Supported Living** – increase waking hour rate by 5.67% to £16.03 per hour. No changes to payments for sleep-in services at this time.
- (iv) **Direct Payments** – 4.88%.
- (v) **Carers** – Uplift the annual payments of £230/£340 to £244.29/£361.12 respectively.
- (vi) **Shared Lives** – 6.21%.
- (vii) **Day Care (Non "Older People" services)** – 4.81%.
- (viii) **Rolling Respite and Provider Brokerage** – Uplift in line with the relevant service (e.g. homecare/residential care).

Background and Advice

Lancashire County Council supports approximately 35,000 carers and adults in community and residential based settings, at an annual net budget of approximately £341 million. This net figure includes income from Health and Service User contributions as well as Better Care Funding. The net cost also includes approved savings amounting to £43 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 focusses 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 2020/21 is the continued increase in the National Living Wage, which increases by 6.2% to £8.72 on 1 April 2020.

The Chancellor of the Exchequer, George Osborne, announced what he termed the National Living Wage at the end of his budget speech on 8 July 2015 with a target of at least £9 per hour by 2020. The increase for 2020/21 represents the highest percentage increase since national living wage was introduced however, it should be noted that the rate of £8.72 from April 2020 remains less than the Chancellor's original target of £9.00 per hour.

Uplifts

The National Living Wage increase 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 of national living wage, pension auto-enrolment and other inflationary factors and are subtly different across services and fee levels due to their differing cost bases.

Residential Care

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

	2019/20 Fee	2020/21 Fee*	Increase
NURSING	£534.55	£559.41	4.65%
NURSING DEMENTIA	£630.75	£660.77	4.76%
RESIDENTIAL STANDARD	£466.55	£487.73	4.54%
RESIDENTIAL HIGHER	£528.36	£553.83	4.82%
RESIDENTIAL DEMENTIA	£567.33	£595.07	4.89%

**The annual fund for room premiums remains available and the fee remains unchanged at £10 per room per week for all new placements. It is the Provider's responsibility to ensure that the room premium is applied for and set up at the time the placement in the compliant room is made. Should a provider make a retrospective claim for room premiums the maximum period the county council will backdate is the later of the compliant room placement start date or 3 months from the date the request is made.*

For other client groups, a rate of 4.89% is proposed and, in turn, the minimum fee level increased to £595.07 per week.

For self-funders living in the county council's in-house older peoples residential homes it is proposed that fees increase by 4.89%.

Through the Healthier Lancashire and South Cumbria partnership, the county council is in the process of implementing a joint Health and Social Care service specification for older adults residential and nursing care. As part of the implementation process it may be necessary to review fee levels.

Homecare

On-Framework

The current Homecare Framework commenced in November 2017, and providers tendered a rate for each year of the contract. No further uplift is proposed in this report.

Off-Framework

It is proposed that, where care has been commissioned off-framework, an inflationary uplift of 4.88% is applied; in line with the 2020/21 cost increase associated with the Homecare Framework.

Supported Living

Waking hours

It is recommended that all supported living rates are increased by 5.67%. This increases the approved rate to £16.03 per waking hour.

Sleep-in payments

In response to a successful legal challenge by Mencap in relation to payments for sleep-in services for adults with learning disabilities, changes to night support rates were published in June 2019 and do not form part of this report. Full details of the sleep in rates can be found on the county council's website at <http://council.lancashire.gov.uk/ieDecisionDetails.aspx?ID=17084>

Extra Care

All extra care contracts have been retendered with providers tendering a rate for each year of the contract. No further uplift is proposed in this report.

Carers

Carers are paid a one off fixed amount of £230 or £340 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. They may use this money as they see fit.

The proposal is to uplift the annual payments in line with National Living Wage to £244.29 and £361.12 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 6.21% in line with the forecast 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. During 2018/19, the county council established an open list of pre-qualified service providers who are contracted to meet our quality standards. The list is specific to Older People's day time support services, with prices being pre-agreed during this process. No further uplift to Older People's day time support rates are proposed in this report.

For all other client groups an uplift of 4.81% is proposed.

Council Commissioned Respite & Individual Service Funds

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 Individual Service Funds will be uplifted in line with the rates detailed earlier in this report.

Direct Payments

It is recommended that an inflationary uplift of 4.88% is applied to all weekly Direct Payments set up prior to 1 April 2019.

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 report 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 make contact via contractmgmt.care@lancashire.gov.uk and provide confirmation of the host authority's rate increase).*

Packages Jointly Funded with Health

In cases where Lancashire County Council has been nominated as the lead commissioner for jointly funded packages, care services are paid according to the council's schedule of fees. The relevant clinical commissioning group is then invoiced for their agreed share of the package of care. The uplifts detailed above will apply to the whole care package and not just the county council share.

Consultations

The county council has not undertaken formal consultation in relation to these proposals.

Implications:

This item has the following implications, as indicated:

Financial

The fee uplifts described in this report will cost approximately £20 million and, due to a change in the mix of services being used to support our service users, results in an additional cost pressure of £2.1 million in the Adults Services budgets. The additional pressure has been built into the recommended Quarter 3 Medium Term Financial Strategy.

It should also be noted that county council is currently using structural reserve funding and faces continued financial pressures over the period of the Medium Term Financial Strategy and will require further savings to be identified to offset this cost pressure.

Notwithstanding these pressures, the county council continues to increase fees to support Lancashire providers.

Legal

The Care Act statutory guidance states that "local authorities must not undertake any actions which may threaten the sustainability of the market as a whole, that is, the pool of providers able to deliver services of an appropriate quality, for example, by setting fee levels below an amount which is not sustainable for providers in the long-term."

Fee uplifts proposed in this report have been set at a level that reflects current market conditions. They incorporate changes to the national living wage, as forecast by the Office for Budgetary Responsibility, in addition to other factors such as changes in employer's contribution rates for pension auto-enrolment and general inflation.

Supported Living Night Rate

The county council's decision to return to paying a flat rate fee for sleep-in fees is based on current case law.

The Supreme Court granted Unison the right to Appeal the current decision. However, a decision may not be reached before 2020/21. The county council will review fees for sleep-in payments once a decision is reached.

List of Background Papers

Paper	Date	Contact/Tel
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None

Reason for inclusion in Part II, if appropriate

N/A