

Report to the Cabinet

Meeting to be held on Thursday, 2 February 2023

Report of the Executive Director of Adult Services and Health and Wellbeing

Part I

Electoral Division affected:
(All Divisions);

Corporate Priorities:
Caring for the vulnerable;

Adult Social Care - Provider Fees Uplift 2023/24

(Appendix 'A' refers)

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Brief Summary

This report sets out the county council's proposed fee uplifts for adult social care services for 2023/24, the financial impact of which has been reflected in the Medium- Term Financial Strategy.

Appendix 'A' provides a schedule of the current rates and the proposed rates from 3 April 2023.

The county council has engaged with care providers, NHS partners and the Midlands and Lancashire Commissioning Support Unit, in reaching the recommendations in this report.

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

Recommendation

Cabinet is asked to approve the following uplifts, with effect from 3 April 2023:

	Market area	Proposed increase
1	Residential and nursing care	
	Weekly older people's approved residential care rates	

	<ul style="list-style-type: none"> ▪ Nursing Standard 16% * ▪ Nursing Dementia 16% * ▪ Residential Standard 20% ^ ▪ Residential Higher 16% * ▪ Residential Dementia 16% * 	
	<i>*11% base uplift + 5% fair cost of care premium whilst funding remains</i>	
	<i>^11% base uplift + 9% fair cost of care premium whilst funding remains</i>	
	<ul style="list-style-type: none"> ▪ Mental Health and Learning Disability Residential/Nursing 10.86% ▪ Council Run Residential Self Funder Rate 10.86% 	
	Residential and nursing care – All other client groups	10.86%
2	Homecare (all client groups)	
	<ul style="list-style-type: none"> ▪ Off framework providers Per contract ▪ Framework providers 12.62% 	
3	Supported Living	
	<ul style="list-style-type: none"> ▪ Waking hour rate 9.41% ▪ Sleep in rate (per shift) 9.41% 	
4	Extra Care	
	<ul style="list-style-type: none"> ▪ Sheltered schemes with 24 hour domiciliary care 9.41% ▪ Other schemes including purpose built Extra Care 9.41% 	
5	Direct Payments	9.41%
6	Carers	10.10%
7	Shared Lives	10.10%
8	Day Care	10.35%
9	Respite and Individual Service Funds	Uplift in line with relevant service (e.g. homecare/residential care)
10	Intermediate Care covering the following services:	9.41%
	<ul style="list-style-type: none"> - Reablement - Home First - Hospital Aftercare - Crisis 	



11	Discharge to assess residential and nursing placements	No automatic uplift
12	Roving Nights	9.41%
13	Prescription Equipment	10.1%

Detail

Lancashire County Council commissions over 900 providers to support approximately 38,000 carers and adults in community and residential based settings, at an annual gross cost of approximately £550 million.

On an annual basis, the council reviews its fees for adult social care services. This report summarises the key issues facing the sector over the next year and makes recommendations for uplifts to fees paid to providers for 2023/24.

The county council has continued to experience challenges in the care sector as it recovers and lives with the effects of the COVID-19 pandemic. There are now additional pressures on the care market through inflation in excess of 10%, and the high global energy costs which particularly affect residential and nursing homes. This has manifested itself in significantly increased costs for providers. The cost of living crisis further affects staff recruitment and retention, with most social care sector staff being among the lowest paid.

Occupancy levels in the residential market are now climbing back towards their pre-pandemic levels. However, more homes are ceasing their operations which puts pressure on the county council's ability to appropriately return people to their homes. Home care continues to see increased demand whilst struggling to recruit and retain staff to meet that demand. At the time of writing this report, it is difficult to estimate the continuing impacts of the global energy costs crisis and the direction of inflation on the care market in 2023/24, and whether any additional funding will be available from central government.

The county council has continued to be proactive in engaging with the care market to understand their challenges and financial pressures.

Lancashire County Council commissions a number of packages of care that are jointly funded with our NHS commissioning colleagues. Recommended fees to providers detailed within this report will also apply to those jointly funded care packages, and engagement has taken place with NHS commissioning colleagues in finalising the recommendations contained in this report.

It should be noted that any increase in fees paid to providers will mean an increase in care charges to some service users, although most people will pay an assessed charge taking into consideration their ability to pay.



As a result of these increases, approximately 14% of service users in receipt of chargeable community services (1,704 people) and 21% service in receipt of chargeable residential services (1,070) will experience a change to their charge.

Uplifts

A number of cost pressures have been considered when setting the level of uplifts.

The National Living Wage remains a significant element of any provider's overall cost pressures. However, whilst the National Living Wage was expected to increase by approximately 6% in the Government's spending autumn statement in November 2022, a much higher increase than anticipated of 9.7% was announced, rising from £9.50 to £10.42 per hour for people aged 23 years or older on 1 April 2022. There are similar percentage increases for those aged under 23.

The National Living Wage increase does not represent the only cost pressure involved in delivering services. Whilst labour costs constitute a significant component, there are other areas of providers' cost bases that are forecast to change such as energy, fuel, accommodation, and other costs.

The uplifts proposed are therefore weighted averages of National Living Wage, changes to national insurance and inflation for non-staffing related costs.

Market Sustainability and Fair Cost of Care

The county council has continued to engage with providers delivering care and support in Lancashire across the whole spectrum of care services, through regular engagement fora. In addition, specific engagement has taken place as part of the 'Market Sustainability and Fair Cost of Care' guidance issued in March 2022, which was an integral element of the social care reforms outlined in the government white paper 'People at the Heart of Care' in December 2021.

Cost information was gathered from providers who were in scope (care homes for people aged 65 and over and homecare for people aged 18 and over), in order to develop a view of what a fair cost of care would be for those services in Lancashire. Whilst the exercise proved useful in developing our understanding of providers costs and pressures, the low completion rate and level of information provided proved insufficient in establishing a true 'fair cost of care' across the whole market. However, the county council is committed to using all fair cost of care funding to support the market whilst funding is made available. Details of the exercise are due to be published in February 2023.

The Market Sustainability and Fair Cost of Care requirements have now been significantly revised, along with the associated adult social care reforms which have been delayed until 2025. However, the county council has utilised the information provided from the exercise to help inform proposed fee rates for 2023/24, and is committed to working towards a fair cost of care for all its contracted care and support providers.



Residential Care

Lancashire County Council commissions care from over 400 residential and nursing homes, and funds placements for over 4,800 people.

Taking into consideration the information gathered from the 'Fair Cost of Care' exercise, and the county council's commitment to working towards a fair cost of care and ensuring a sustainable market for residential care, it is proposed that the following increases are applied to older people's weekly approved residential care rates.

It is recommended that all residential based services receive an uplift of approximately 11%. Fair cost of care funding for older people's residential services allows an additional uplift in 2023 of approximately 5%, excluding residential standard fees which will receive an additional 9%. This brings the total uplift for these areas to 16% and 20% respectively.

	2022/23 Fee	2023 Base Fee	Fair Cost of Care Funding	2023/24 Total Fee*
NURSING	£614.43	£680.60	£32.14	£712.74
NURSING DEMENTIA	£726.25	£804.47	£37.98	£842.45
RESIDENTIAL STANDARD	£535.30	£593.43	£48.93	£642.36
RESIDENTIAL HIGHER	£608.94	£675.07	£31.30	£706.37
RESIDENTIAL DEMENTIA	£654.60	£725.69	£33.65	£759.34

**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 such as Mental Health and Learning Disability residential and nursing provision, a rate of 10.86% is proposed and, in turn, the standard fee level will increase to £725.69 per week.

For self-funders living in the county council's in-house older people's residential homes, it is proposed that fees increase by 10.86%.

Homecare

Homecare is delivered by approximately 160 providers across Lancashire, to more than 6,000 people.

About 70% of the county council's homecare is commissioned from one of 41 providers, contracted through a pre-agreed "framework" contract, where their initial fees had been agreed at the start of the contract in November 2017, along with a pre-agreed annual uplift each November up to November 2020. After November 2020, providers are awarded an annual uplift in April each year. The current framework ends in November 2023 and therefore the recommended uplifts will only apply from that date. A new contract will commence from November 2023 with new rates set as part of the tender process.



Other providers are contracted for individual packages of care and are described as "off framework". Fees are agreed with "off framework" providers at the start of the package of care, and are then subject to a negotiated uplift. "Off framework" providers are used when "framework" providers are unable to meet demand and are often more expensive than framework provision.

Homecare will be retendered through a new procurement model commencing in November 2023, the intention is that it will be used by both Lancashire County Council and NHS Lancashire and South Cumbria Integrated Care Board. It is anticipated this will help to harmonise fees, improve sustainability for providers and provide more predictability of spend for commissioners.

Homecare On-Framework

Under nationally prescribed guidance, the county council has conducted a 'Fair Cost of Care' exercise with all homecare providers registered with the Care Quality Commission and operating within Lancashire County Council boundaries.

It is proposed that providers receive a base uplift of 9.41%. Taking into consideration the results of the 'Fair Cost of Care' exercise, and the county council's commitment to working towards a fair cost of care and ensuring a sustainable market for home care, Fair Cost of Care Funding allows an additional 3.21% to be applied, bringing the total uplift to 12.62%.

Homecare Off-Framework

It is proposed that, where care has been commissioned off-framework, no automatic uplift is applied but would be subject to uplift through negotiation with the provider.

Supported Living

Supported living accommodation offers independent living, with care and support, for working age adults with a learning and/or physical disability. Accommodation is provided through apartment schemes, bungalows and some shared living. The county council supports approximately 1,900 people through this type of care and support.

Support is provided through individual support hours and, where 24-hour support is required, via 'sleep-in' payments.

Waking hours

It is recommended that all supported living rates are increased by 9.41%. This increases the approved rate to £19.31 per waking hour.

Sleep-in payments

It is recommended that sleep-in payments rates are increased by 9.41%. This increases the approved rate to £73.67 per sleep-in shift.

Extra Care

Lancashire County Council commissions 5 purpose built extra care and 8 sheltered housing schemes with 24-hour domiciliary care.



Purpose built extra care schemes

It is recommended that an uplift of 9.41% is applied on the contract anniversary, where no tendered rate is available. This is in line with the supported living uplift recommendation.

Sheltered housing schemes with 24-hour domiciliary care

It is recommended that an uplift of 9.41% is applied in April 2023, in line with supported living uplift recommendation.

Carers

Lancashire County Council supports over 7,000 carers through a Personal Budget awarded as a Direct Payment, depending on the level of support ('higher' or 'lower') they require. The scheme was introduced in April 2015, and is intended to help people in their role as a carer, typically towards a relative or partner.

The proposal is to uplift the annual payments in line with relevant inflationary pressures (10.10%) to £293.02 for the lower rate and £433.16 for the higher rate.

Shared Lives

Shared Lives is a service provided by the county council for adults with learning or physical disabilities, and for older people. The service currently supports approximately 300 people. Care is family based and provided by individuals and families. Shared lives care is provided in several ways, from a simple overnight or day support, a week's stay with a family or a permanent placement.

The proposal is to uplift all Shared Lives carer fees by 10.10%, in line with relevant inflationary pressures. Shared Lives carers are individuals operating in their own homes, and would therefore not experience the cost pressures experienced by businesses with premises and administrative overheads, hence the lower recommended uplift in fees.

Day Time Support

Lancashire County Council commissions daytime support for over 1,200 adults. Support is delivered in a variety of locations from traditional accommodation based services, through to outdoor activity centres by approximately 50 providers.

During 2018/19, the county council established an open list of pre-qualified service providers for day care services for people aged 65 and over. Providers are contracted to meet the county council's quality standards, and prices were agreed with individual providers at that time and have remained the same to date. Services are delivered in a variety of different ways and can be paid for by the hour or by session.

It is proposed to uplift fees for all day providers by 10.35%, from 3 April 2023.



Individual Service Funds

Individual Service Funds are a way for adults to manage their Personal Budget to meet changing needs, in line with their social care plan. They are typically managed by approved care providers, on behalf of people, to purchase a range of care services.

It is recommended to uplift fees for Individual Service Funds in line with the relevant service being purchased with it (e.g. residential and supported living). Individual Service Funds will be uplifted in line with the rates detailed earlier in this report for those services.

Direct Payments

Direct payments allow people to receive a Personal Budget, to allow them to arrange and fund their own care needs. This can be by employing a personal assistant, or purchasing their own care direct from a registered care provider. More than 3,800 people receive Direct Payments.

It is recommended that an inflationary uplift of 9.41% is applied to all weekly Direct Payments.

County Council Commissioned Respite/Short Breaks

The county council provides support for carers to take a break from their caring responsibilities, or can support an individual through a short period of crisis, through its respite or short breaks services. These services can provide a place within a supported living setting or residential home for a short period of time.

It is recommended to uplift fees for Respite/Short Breaks, in line with the relevant service being used. Residential respite and supported living respite will be uplifted in line with the rates detailed earlier in this report for those services.

Intermediate Care Services

Intermediate care services are provided, usually to older people, after leaving hospital, or when they are at risk of being admitted to hospital. The services offer a link between places such as hospitals and people's homes, and between different areas of the health and social care system such as hospitals, community services, GPs and social care.

Reablement

Reablement is a short-term service, designed to help people to develop the confidence and skills they need to live as independently as they can within the community.

Crisis Services

The Crisis service offers short term, intensive support, often as an alternative to hospital admission.



Home First and Hospital Aftercare

These services are designed to help people return and adjust to being back at home, after a period in hospital.

It is proposed that a 9.41% uplift is applied to fees for the above intermediate care services, with effect from 3 April 2023.

Discharge to assess residential and nursing placements

These services are short term, generally lasting less than four weeks, and are often delivered within mainstream residential and nursing homes. Fees are negotiated at the time of placement and reflect current market conditions. It is proposed that no automatic uplift is applied to placements open on 3 April 2023 fees.

Work is in progress to review existing residential and nursing discharge, to assess services and to establish a service specification in conjunction with the NHS. Fees for these services will be set as part of this work.

Roving Nights

The Roving Night Time Support Service provides care for people in their home during the night time hours, 7 days a week with a supporting 24 hour, 7 days a week referral response service.

It is proposed to uplift fees roving nights fees by 9.41% from 3 April 2023.

Retail Model - Prescription Equipment

Community equipment, either Simple Aids to Daily Living such as walking aids, trolleys, perching stools and raised toilet seats help people to remain independent in their own homes. The retail model is a prescription based service, whereby Lancashire citizens are issued with a prescription to obtain equipment from a local supplier.

It is proposed to uplift all catalogue prices 9.41% from 3 April 2023.

Out of County Placements

To avoid distorting prices in neighbouring council areas, the uplifts described in this report will not be applied to placements made outside of the county council's borders.

Instead, the county council will honour the host authority uplifts, upon receipt of confirmation of these uplifts. Providers should make contact via contractmgmt.care@lancashire.gov.uk and provide confirmation of the host authority's rate increase.

Should a provider make a retrospective claim for out of county uplifts, the maximum period the county council would backdate is the later of either the placement start date, or 3 months from the date the request is made.



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 county council's schedule of fees. The Integrated Care Board is then invoiced for its 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.

Implications:

This item has the following implications, as indicated:

Financial

The fee uplifts included within this report will cost approximately £35m, with the funding provided within the medium-term financial strategy. The additional cost of the fee increases is after the utilisation of additional grant funding provided in 2023/24.

Legal

The Care Act 2014 places a duty on local authorities to promote the efficient and effective operation of the market for adult care and support as a whole.

The statutory guidance sets out that *"a local authority must not charge more than it costs to provide or arrange for the service, facility or resource"* the guidance also requires that charging must be *"Sustainable for local authorities in the long-term"*.

Fee uplifts proposed in this report have been set at a level that reflects current market conditions, following a period of engagement with providers, and with reference to the recent 'Fair Cost of Care' exercise. The fee uplifts incorporate changes to the national living wage, in addition to other factors such as changes in employers' contribution rates for national insurance and general inflation.

Fee uplifts shall be implemented in accordance with the relevant contractual provisions for each of the services.

The county council has considered its Public Contract Regulations 2015 obligations in making these recommendations.

Equality and Cohesion

If approved, the uplift will be made to all social care providers. There is no information about the protected characteristics of providers and no adverse effect is anticipated on providers. Should the uplift not be made, there is a risk some providers may cease to operate, which would adversely impact their employees who are predominantly women as women are over-represented in the care workforce, and service users.

As noted earlier, it must be acknowledged that the increase in uplift could adversely impact some service users who pay for their care, these are more likely to be from the disability and age (older people) protected characteristics groups. This impact



may be mitigated for some service users by the Fair Access to Charges arrangements in place and other arrangements but for others this may present an additional increase at a time of cost of living concerns which could increase the adverse impact experienced.

Risk management

There would be a risk to the viability of individual providers and the overall sustainability of the care market in Lancashire, if fee uplifts are not offered each year, to reflect both new and inflationary based cost pressures.

The county council has undertaken regular consultation with a wide range of providers to inform the development of the fees proposed for 2023/24.

The county council, in making these recommendations, has made a thorough assessment of the results of the 'fair cost of care' exercises, comments received from providers, overall affordability and has also assessed the extent of other cost pressures on the care market at this time and in the coming year.

It is likely that there will be continuing pressure on the care market in the short to medium term, and there is no guarantee that these fee uplifts will resolve the issues currently being experienced by care providers in terms of recruitment and retention of staff. Unprecedented increases in energy costs bring significant financial risk to residential and nursing home providers, and it is not possible to predict future energy costs at this time. There is a continuing risk of provider failure and/or of providers handing back contracts, should they consider that it is not viable for them to continue to provide services. Commissioning staff will continue to monitor the market and engage with providers and the NHS to mitigate any risk where possible.

List of Background Papers

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

