

Report of Deputy Director of Integrated Commissioning

Report to Director of Adults and Health

Date: 25th March 2020

Subject: Annual fee review for externally commissioned adult care services 2020/21

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Has consultation been carried out?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Will the decision be open for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Summary

1. Main issues

- The Council commissions a range of adult care and support services for people who have eligible needs. The services are arranged through contractual frameworks and service agreements, and are delivered by a large number of providers. Many of the contracts are let for a specific period of time and they contain clauses which require the Council to consider inflationary and other provider cost pressures.
- The Council has a Primary and Framework Agreement in place with a number of home care providers. The Agreement commenced on 1 June 2016 and is due to expire on 31 May 2021. Within the terms of the Agreement, there is requirement for the Council to review the fee levels in accordance with the United Kingdom Home Care Association (UKHCA) cost model (amended to reflect local conditions).
- For its home care and Extra Care services, the Council is committed to the principles of the Unison Ethical Care Charter and places a requirement on the contracted providers to deliver home care in accordance with these principles, including in their terms and conditions of employment and staff pay rates.
- For people who choose to arrange and manage their own care and support services through a Direct Payment, and through the employment of a Personal Assistant (PA), the Council allocates a minimum hourly rate for Personal Assistants, at the same rate as the minimum staff pay rate allocated for home care.

- The framework arrangement with older people's care homes was awarded in April 2018 for a five year period. The Framework contains a clause to annually review and determine fee levels on the basis of an agreed formula which takes account of sector specific cost pressures.
- The report seeks agreement to apply the percentage increases to the fee mentioned therein, for the financial year 2020/21.

2. Best Council Plan Implications (click [here](#) for the latest version of the Best Council Plan)

- The proposals outlined in this report will help to deliver a number of crucial elements of the Adult Social Care 'Better Lives' strategy by helping local people with care and support needs to have fulfilling lives, with a focus on: promoting choice, helping people to stay living at home, joining up health and social care services. These in turn support the ambition of the Best Council Plan 2018/19 to 2020/21 for Leeds to be the Best City in the country, promoting inclusive growth, challenging low pay and inequality. It also supports Leeds in being an age friendly city.
- The proposals will contribute to the achievement of the objectives set out in the city's Health and Care Plan: people will live full active and independent lives, people's quality of life will be improved by access to quality services, people will be involved in decisions made about them. Additionally the proposals will be in accordance with the city's Priority Plan by contributing to the indicators for: best city for health and wellbeing, best city for business, best city for communities.
- The Ethical Care Charter, which has been applied to the Primary and Framework contract for homecare, seeks to support improvements for care staff and for people who use service and their carers, through better employment arrangements. Compliance with the Ethical Care Charter by home care providers can be seen as an indicator of best practice in employment practice and is in accordance with the Council's objective of being the best city.

3. Resource Implications

Homecare: It is proposed that a fee increase of between 3.6% and 3.7% is applied to the Primary and Framework provider hourly rates to enable the providers to pay their staff a minimum of £9.18 per hour, with the increase being applicable from the 1 April 2020. Following the application of the increase, the annual expenditure for Primary and Framework Providers for the financial year will be £17,846,540.

To implement a 3.7% increase in fees for spot purchased care packages from 1st April 2020 would produce expenditure of £13,794,710 from £13,302,520.

The total fee increase expenditure for home care services would be £1,111,930 and would be within the overall budget allocated for these services.

Direct Payments: To implement the increase in the adult direct payment and Personal Assistant rates would produce expenditure of £679,470 (including LD direct payments) which is within the allocated budgets for direct payments.

Extra care: To implement the increase in Extra Care contract rates would produce additional expenditure of £43,170 which is within the allocated budgets for extra care.

Older People's Care Homes: Given the increases applied to payments based on the current number of residents placed in care homes, this would produce an extra

annual expenditure of £2,308,970 which is within the overall allocated budget for older people's care homes which is £62,658,360.

Working Age Adults: In 2020/21 the available budget for Learning Disability Contract uplifts is £3,215,000 for all independent sector uplifts excluding direct payments (this figure does include provision of older people with a learning disability). The available budget for contract uplifts for other working age adults services is £1,065,000.

Recommendations

The Director of Adults and Health is recommended to:

- a) Approve an increase of between 3.6% and 3.7% in the hourly rates for the externally commissioned home care services with the Primary and Framework Providers, in accordance with the specified costing model contained within the terms and conditions of the contract.
- b) Approve the fee increase and agree the new cost structure stated in paragraph 3.19 of this report for the independent sector older people's care homes overarching agreement for the financial year 2020/2021.
- c) Approve an increase in the hourly rates for Extra Care and the Direct Payments rate for Personal Assistants, in accordance with the home care rate increases to be applied to the Primary and Framework providers as stated in the report.
- d) Approve an increase of 3.7% in the hourly rates for home care services commissioned on a spot purchase basis.
- e) Approve the allocation of £3,215,000 to manage all uplift requests for 20/21 for all independent sector Learning Disability providers and £1,065,000 to manage all uplift requests for 20/21 for all other working age adult independent sector providers.
- f) Approve the process of individual fee negotiations with providers of services for working age adults, during the course of 2020/21, based on the use of the Care Cost Calculator and on rigorous value for money audits of the Service Cost Analysis Form (SCAF) submitted by the providers.
- g) Agree that all increases in fees shall be applied from the 1st April 2020
- h) To note that the relevant Head of Commissioning will implement this decision immediately following the expiry of the call in period by issuing letters to the care providers to inform them of this decision and updating the Client Information System to allow payments to be made at the new rate or commencing the relevant discussions with providers where relevant.

1. Purpose of this report

- 1.1 To seek approval from the Director of Adults and Health for the application of fee increases to externally commissioned services for 2020/21, home care services, care homes, extra care services, shared lives and uplifts for direct payments together with approving the process of individual fee negotiations with providers of services for working age adults.

2. Background information

Home care

- 2.1 As part of the commissioning process for new home care services in 2014, the Council engaged with providers to undertake a “Fair Rate for Care” exercise using as its basis the UK Homecare Association pricing template. This was adjusted to take into account travel time for more rural parts of Leeds and formed the basis of the fees set for home care services as part of the procurement and subsequent contract process.
- 2.2 During the course of the procurement of the home care services, the Council made a commitment to the Ethical Care Charter, requiring the contracted providers to improve employment conditions such as reducing the use of zero-hour employment contracts, payment for travel time, travel expenses and an hourly rate above the National Minimum (Living) Wage. This resulted in the Council establishing a local Leeds Living Wage which is set above the NLW and closer to the Real Living Wage (as set by the Living Wage Foundation).
- 2.3 The contract was awarded in 2016, to 4 primary providers, with 8 other providers also being party to the Framework Agreement however, the number of providers on the Framework Agreement has since reduced to 5 due to mergers and acquisitions. Given the pressures with capacity within the primary and framework contract Adults and Health also commission up to 44% through spot provision with various home care providers in the city.

Care Homes

- 2.4 Adults and Health went through a commissioning exercise in 2017 for a new framework (overarching agreement) for the provision of local authority funded placements in independent sector older people’s care homes for a five year period until the 31st March 2023. As part of the commissioning exercise, Adults and Health commissioned a firm of accountants, Mazars, to conduct a cost of care exercise which resulted in the Director agreeing the fee levels for the first year of the new contract by delegated decision on the 18th April 2018. These fees will be subject to an annual review to be implemented from the 1st April 2019 and each subsequent year thereafter.
- 2.5 The agreed fees apply to four different care categories, residential, residential dementia, nursing and nursing dementia and cover two fee levels one being a core level fee, the second being the core level with a quality premium payment when providers meet enhanced standards under the contract. The fees are made up of three parts:
 - Direct Costs - which mainly include staffing costs for the care home.
 - Indirect costs – which include items such as utilities, travel, repairs and maintenance, cleaning, laundry, food etc.
 - Capital – which includes items such as rent, replacement value of buildings, acquisition costs and capital maintenance.
- 2.6 The costing model developed by Mazars also allowed for a calculation of an annual uplift of the fees however, this contained various assumptions in relation to any increase which would need to be varied to reflect actual cost increases for each element of the model. These assumptions included increases in the National Living Wage and National Minimum Wage, existing pay differentials are maintained for all staff with respect to NLW increases, increases in NI & Pension contributions, no

change in demography and agency staff. It also suggested increases in line with the Consumer Price Index (CPI) for indirect costs. The cost model suggested that there would be no increase applied to the capital element of the fee and this was made clear in the contract documents.

- 2.7 Whilst the Mazars model indicated a potential fee level for the sector, this was subject to negotiation with providers to arrive at an agreed fee which was agreed by the decision stated above. The final agreed fee sought to level out the amount paid for the quality premium payment given that all providers would need to meet the same standard regardless of the category of care provided and to incentivise the provision of nursing and nursing dementia care given this is the area of greater demand and poorer supply within the city.

Extra Care

- 2.8 There are a number of extra care schemes within Leeds which Adults and Health commission on the basis of different costing models.

Direct Payments

- 2.9 Some people choose to have a Direct Payment to arrange and manage their own care and support services by employing a Personal Assistant. The minimum hourly rate for care workers under the primary and framework contract operates as a guide for the Personal Assistant pay rate.

Care and Support Services for Working Age Adults

- 2.10 In addition to the Adults and Health budget for working age adults, the Council and the Clinical Commissioning Group (CCG) operate the Learning Disability Pooled Budget under Section 75 of the National Health Service Act 2006. All expenditure for the provision of services for adults with learning disabilities is through this Pooled Budget. LCC and the CCG are responsible for paying for different elements of care, and LCC is responsible for the financial running of the Pooled Budget.
- 2.11 The Council commissions a range of care and support services for working age adults including residential and nursing care, supported living services and day services and a shared lives service, all of which are personalised on the basis of an individual's care and support needs and their stated outcomes. The fees for these services are also based on the needs of individuals rather than through the application of 'standard' hourly rates.
- 2.12 These care and support services are subject to rigorous value for money audits based on the Service Cost Analysis Form (SCAF) submitted by providers. Fee requests from providers are considered through the application of the Care Cost Calculator and through an audit process based on providers' costs, with consideration given to the type and amount of support provided as part of the core hourly rate and any other factors such as the use of additional staffing support including 1:1 support.
- 2.13 It is proposed that any requests for fee increases continue to be negotiated with providers on an individual basis, through the application of the Care Cost Calculator, and with consideration of the care and support required by the relevant individuals receiving the service.
- 2.14 Adults and Health also commission part of the shared lives service through an independent sector provider and the increase in fee for this service will be dealt with through negotiation with the provider.

3. Main issues

Home Care

- 3.1 Within the approved budget for 2020/21, provisions have been made for a further fee increase of between 3.6% and 3.7% to providers for home care and Extra Care to enable them to pay their staff a minimum of £9.18 per hour.
- 3.2 This enhanced increase in fees, above the rate of inflation, is to be made to the contracted home care providers with the clear expectation that they will continue to adopt best practice in their employment of care workers and will comply with the requirements of the Ethical Care Charter including areas such as travel time and work expenses are paid to staff, statutory sick pay available for staff where appropriate, reduction in zero hour contracts, improvement in training, supervision and staff support, the introduction of occupational sick pay schemes and that homecare workers will be paid at least the increased rate within this report.
- 3.3 The Adults and Health Directorate commissions approximately 56% of its home care from the primary and framework providers, whilst the remainder is commissioned on a spot purchase basis from up to sixty smaller providers, either at the request of service users and their carers or due to the insufficient capacity from the contracted providers.
- 3.4 The Council does not have a similar agreement regarding the Ethical Care Charter and minimum rates of pay for care staff with the smaller providers who constitute the spot market. It is therefore proposed that a negotiation process is undertaken with providers to ensure that any additional fees allocated to providers are directed towards supporting the improvement of terms and conditions for staff in line with the good employment practice principles of the Ethical Care Charter.
- 3.5 The expectation is that improved employment terms and conditions will support the recruitment and retention of care workers in a very competitive employment market. The ambition is to increase the pool of staff working to deliver homecare. Increasing staff numbers is seen as an important ingredient in the move to develop the availability and flexibility of homecare to service users. It is therefore important that staff receive pay and conditions which are competitive against other sectors of the Leeds economy and viable for staff to be able to earn a living wage.
- 3.6 From February 2019, the newly-recruited ECC Compliance Team, commenced a programme to review and confirm full compliance with the ECC, using a specially devised Compliance Audit Tool. A planned programme of validation visits then began with the contracted four Primary Providers, specifically targeted as they employ the highest number of Community Care Assistants. As part of measuring and validating compliance, the current Ethical Care Charter Officers have undertaken a robust programme of activity, in conjunction with Officers from the Contracts Home Care team and senior leaders, including comprehensive site visits to review policies, documentation, employment contracts, rotas and actual care delivery, alongside a key element of staff consultation. These visits included two Officers spending two full days with each provider.
- 3.7 Overall, the findings of the ECC compliance visits with Primary providers were positive and show their compliance with the majority of areas of the Unison Ethical Care Charter. Any feedback and actions required from Providers are being addressed by Home Care Contracts Officers through on-going contract

management meetings and these will be evidenced to ensure completion. The team are now in the process of planning ECC compliance visits with all Framework providers, taking the same approach.

3.8 It is proposed that a fee increase of between 3.6% and 3.7% is applied to the primary and framework providers from April 2020. This will be allocated to the three defined areas, Urban, Rural and Super Rural for 2020/21 as follows:

- an increase of 3.7% for urban areas, increasing from £16.78 to £17.40
- an increase of 3.6% for rural areas, increasing from £18.48 to £19.15
- an increase of 3.6% for super rural areas, increasing from £18.79 to £19.46

3.9 The table below outlines the way in which the increase is calculated, based on the UKHCA costing template, as adjusted within the tender:

<u>Home Care Contract Rate 2020/21 using the original UKHCA template as adjusted in the contract.</u>		
	%	£:p
Workers Basic Hourly rate - contact time		£9.18
Workers hourly travel time	19.0%	£1.74
Workers hourly travel cost		£1.40
NI	9%	£0.98
holiday	12.07%	£1.48
training	1.7%	£0.21
pension	3.0%	£0.33
Total of costs		£6.14
Total Care worker costs		£15.32
<u>Other Operational Costs</u>		
Management overheads		£2.88
Contribution to reserve (Profit)		£0.32
Total overheads		£3.20
Total cost per Hour		£18.52

3.10 The contract also incorporates a further adjustment, shown in the table below, to recognise the amount of travel by home care staff between care visits. The zones are designated “Urban” which is densely populated; “Rural” which is less densely populated; and “Super Rural” which is significantly less densely populated.

<u>Adjustments</u>	Urban	Rural	Super Rural
	'LOT' D E & F	'LOT' A&C	'LOT' B
Management costs	-£0.17 -6%	£0.00 0%	£0.00 0%
Travel time	-£0.52 -30%	£0.35 +20%	£0.52 +30%
Travel cost	-£0.42 -30%	£0.28 +20%	£0.42 +30%
Total adjustment	-£1.12	£0.63	£0.94
Hourly fee rate per hour	£17.40	£19.15	£19.46

3.11 The Primary and Framework service providers have committed to ensuring that increases in the hourly rates will be used to improve the pay rates and terms and conditions for their staff. The Primary and Framework providers will be contract

monitored to ensure that they are in compliance with the contract and paying a minimum basic hourly rate to staff of £9.18 in addition to payment to staff for travel time and cost incurred and are also delivering improved terms and conditions for their staff in accordance with the Ethical Care Charter.

- 3.12 Some home care services are commissioned on a spot purchase basis when the primary and framework providers are unable to provide capacity at the required times, or when service users request a particular provider, or a particular skill or specialism is required which cannot be sourced from our primary or framework providers.
- 3.13 In the main, the hourly rates for home care services commissioned on a spot purchased basis are similar to those of the primary and framework providers. However, in some cases, if an individual requires either a specifically trained staff member or the service is needed in a particularly hard to serve area, there is a need to negotiate a price based on the costs of delivering the package and this may be higher than the usual fee for that geographical area.
- 3.14 It is proposed that the fees for the provision of spot purchased care will be increased by 3.7%, from 1 April 2020, in order to enable these providers to cover inflationary increases in costs. Currently the full year cost of spot providers is £13,302,520. Applying a 3.7% increase to spot providers would produce a cost of £13,794,710. This is an increase of £492,190.

Extra Care

- 3.15 There are a number of extra care schemes within Leeds which are funded on the basis of different costing models. It is proposed that the same percentage increase recommended for the primary and framework home care providers delivering care in the Urban area is also applied to the Extra Care Providers, from the 1 April 2020. This would apply an increase of 3.7% to the current extra care rates being paid.

Direct Payments

- 3.16 Some people choose to have a Direct Payment to arrange and manage their own care and support services by employing a Personal Assistant. The minimum hourly rate for care workers under the primary and framework contract operates as a guide for the Personal Assistant pay rate. Again, it is proposed that the same percentage increase recommended for the primary and framework home care providers delivering care in the Urban area is also applied to the Direct Payments, from the 1 April 2020. This would apply an increase of 3.7% to the current Direct Payment rates being paid. An increase to the homecare hourly rates would produce an anticipated increase in expenditure for Direct Payments, Personal Assistants rates at a cost of £679,470 (including learning disability direct payments) – a budget provision for inflation has been made that equals this so there would be no budget pressure.

Older People's Care Homes

- 3.17 The costing model developed by Mazars which allows for a calculation of an annual uplift of the fees which contained various assumptions in relation to any increase which would need to be varied to reflect actual cost increases for each elements of the model. These assumptions included increases in the National Living Wage for low paid staff, the Consumer Price Index (CPI) for indirect costs and that no

increase would be applied to the capital element of the fee. Finance colleagues in Adults and Health have calculated the recommended fee increase based on the Mazars model as shown below.

3.18 Using these parameters, Finance colleagues have calculated the increases to the various elements of the fee as follows:

- 6.21% increase to the element of the fee for all staff to cover the increase in the national living wage.
- When negotiating the original fee, the Leeds Care association put forward a proposal to increase the level of the nursing and nursing dementia fee given the current issues with recruitment and retention of nurses in to care homes. The issue of recruitment of nurses in to care homes still remains, therefore an increase of £2 to the core fee which relates to the cost of providing higher paid staff will provide some assistance in recruitment and retention of nurses.
- The Consumer Prices Index 1.4% added to indirect cost element of the model.
- 0% added to the capital element of the fee.

3.19 Given the increases stated above on the individual elements of the fee, the overall increase in the Core Fee and Core Fee including the Quality Premium Payment (QPP) is:

	Residential	Residential Dementia	Nursing	Nursing Dementia
% uplift	3.7%	3.7%	4.1%	4.0%
New core fee	£559	£599	£590	£616
£ uplift	£20	£21	£23	£24

	Residential	Residential Dementia	Nursing	Nursing Dementia
% uplift	3.7%	3.7%	4.1%	4.0%
New core fee with the QPP	£583	£623	£614	£640
£ uplift	£21	£22	£24	£25

Working Age adults

3.20 Since 2016/17 the Learning Disability Value for Money team have worked on a case by case basis with the Head of Service Working Age Adults to award uplifts for Learning Disability contracts only with regard to National Living Wage and not non staffing related costs. They follow an agreed internal process to manage, negotiate on and approve uplift requests to the independent sector.

3.21 In December 2018 colleagues from LCC Internal Audit team undertook a review regarding the Learning Disability Pooled budget, and one of the areas of this looked at the monitoring and reporting arrangements in place for contract uplifts and savings.

- 3.22 Whilst the controls in place to manage contract price changes (both savings and uplifts) were found to be overall satisfactory, a key recommendation from Internal Audit was that once the budget for contract uplifts has been agreed for the year, a Key Decision should be created for all spend within this budget. Therefore this Key Decision can be used in the event that there is a requirement to award a single provider more money than the Head of Commissioning's delegated amount as per the Adults and Health Sub Delegation Scheme.
- 3.23 In 2020/21 the available budget for Learning Disability Contract uplifts is £3,215,000 for all independent sector uplifts (excluding direct payments). At the time of writing this is to manage uplift requests from all Learning Disability providers. It should be noted that the Learning Disability pooled budget also includes payments to providers for people who have Continuing Health Care (CHC) funding. The Council has provided £3.215m for contract uplifts, and health colleagues have been advised that they should plan for CHC costs that could be between 20%-30% of this figure (this is in addition to the £3.215m provision made by the Council). All expenditure within the £3,215,000 is to manage all uplift requests for 2020/21 for all independent sector learning disability providers and as is a direct consequence of this Key Decision.
- 3.24 Where the cost of an existing package of care exceeds £100k per annum solely as a result of the negotiated fee uplift and arising from this Key Decision, this will not require further approval via a separate Delegated Decision Notification until the package of care and support is subject to a review.
- 3.25 In 2020/21 the available budget for increases to fees for working age adults services (other than learning disability services) is £1,065,000. All expenditure within the £1,065,000 is to manage all uplift requests for 2020/21 for all independent sector working age adults providers and as is a direct consequence of this Key Decision.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 Officers will continue to engage with care providers through various meetings and provider forums to consider the factors that impact on the services they provide. This includes workforce issues such as recruitment and retention, support to access training and development, and the support they require to enhance and continuously improve the quality of the services they provide.
- 4.1.2 Consultation will also continue with the home care primary and framework providers in relation to their continued compliance with the Ethical Care Charter in relation to the pay rates of their care staff.
- 4.1.3 The Executive Member for Health, Wellbeing and Adults has been briefed on this decision.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 An Equality Impact Assessment Screening Tool has been completed for this report and is included as Appendix 1.

4.3 Council policies and the Best Council Plan

- 4.3.1 The proposals outlined in this report will help to deliver a number of crucial elements of the Adult Social Care 'Better Lives' strategy by helping local people with care and support needs to have fulfilling lives, with a focus on: promoting choice, helping people to stay living at home, joining up health and social care services. These in turn support the ambition of the Best Council Plan 2018/19 to 2020/21 for Leeds to be the Best City in the country, promoting inclusive growth, challenging low pay and inequality. It also supports Leeds in being an age friendly city.
- 4.3.2 The proposals will contribute to the achievement of the objectives set out in the city's Health and Care Plan: people will live full active and independent lives, people's quality of life will be improved by access to quality services, people will be involved in decisions made about them. Additionally the proposals will be in accordance with the city's Priority Plan by contributing to the indicators for: best city for health and wellbeing, best city for business, best city for communities.

Climate Emergency

- 4.3.3 In March 2019 Leeds City Council unanimously declared a climate emergency. In response to this emergency the Council is working towards carbon neutrality by 2030. The plan to achieve this goal includes: reducing pollution and noise; improving air quality, and; promoting a less wasteful, low carbon economy.
- 4.3.4 Whilst there are no specific climate issues in connection with the decision made under this report, as part of the ongoing contract management processes, commissioning officers will be raising awareness of the Council's climate emergency declaration and encouraging the providers to adopt greener working practices as and where possible.

4.4 Resources, procurement and value for money

- 4.4.1 **Homecare:** It is proposed that a fee increase of between 3.6% and 3.7% is applied to the Primary and Framework provider hourly rates to enable the providers to pay their staff a minimum of £9.18 per hour, with the increase being applicable from the 1 April 2020. Following the application of the increase, the annual expenditure for Primary and Framework Providers for the financial year will be £17,846,540.
- 4.4.2 To implement a 3.7% increase in fees for spot purchased care packages from 1st April 2020 would produce expenditure of £13,794,710 up from £13,302,520.
- 4.4.3 The total expenditure for home care services would be £31,641,250 and the fee increase would be within the overall budget allocated for these services.
- 4.4.4 **Direct Payments:** To implement the increase in the adult direct payment and Personal Assistant rates would produce expenditure of £679,470 which is within the allocated budgets for direct payments.
- 4.4.5 **Extra care:** To implement the increase in Extra Care contract rates would produce expenditure of £43,170 which is within the allocated budgets for extra care.
- 4.4.6 **Older People's Care Homes:** Under the terms of the current contract, Adults and Health are required to review the fees paid to care home providers on an annual basis. Colleagues in Finance have calculated the percentage increase in accordance with the provisions of the contract.

- 4.4.7 Given the increases applied to payments based on the current number of residents placed in care homes, this would produce an extra annual expenditure of £2,308,970 which is within the overall allocated budget for older people's care homes which is £62,658,360.
- 4.4.8 **Working Age Adults:** In 2020/21 the available budget for Learning Disability Contract uplifts is £3,215,000 for all independent sector uplifts (excluding direct payments). The available budget for contract uplifts for other working age adults services is £1,065,000.
- 4.4.9 The services delivered by independent sector Learning Disability and working age adults providers are all individual service agreements in relation to supported living, care home placements, day opportunities or the shared lives service and the uplifts will be negotiated with each provider within the overall allocated budget.
- 4.4.10 For each of the individuals whose contract prices are increased by the contract uplift award, there will be no change in need, no change in support plan and no changes to any of the support that the individual is receiving from the provider.
- 4.4.11 There are no procurement implications in relation to this decision.

4.5 Legal implications, access to information, and call-in

- 4.5.1 The decision highlighted in this report will be taken by the Director of Adults and Health in line with the officer delegation scheme as detailed in Part 3 of the Council's Constitution.
- 4.5.2 This decision has been placed on the list of forthcoming key decisions and is subject to call-in. The report does not contain any exempt or confidential information.
- 4.5.3 There are no specific legal implications regarding the increase of fees as part of this report because the existing terms and conditions allow for financial uplifts throughout the life of the different contracts.

4.6 Risk management

- 4.6.1 Risk management for the contract for externally commissioned care is undertaken as part of the contract management process.

5. Conclusions

- 5.1 Care and support providers continue to raise concerns about the challenges they face in relation to the recruitment and retention of their care staff and to ensure the staff are suitably trained and supported so that they can continue to deliver high quality services. There are also significant pressures on cost in relation to increases in the National Living Wage which will rise by 6.2% from April 2020.
- 5.2 By implementing the increases recommended in this report, Adults and Health will ensure it is meeting its obligations under the contracts with independent sector providers and will support the local authority's duty under the Care Act to ensure there is sufficient provision of quality services in the care market to meet local needs.

6. Recommendations

- 6.1 The Director of Adults and Health is recommended to:
- 6.2 Approve an increase of between 3.6% and 3.7% in the hourly rates for the externally commissioned home care services with the Primary and Framework Providers, in accordance with the specified costing model contained within the terms and conditions of the contract.
- 6.3 Approve the fee increase and agree the new cost structure stated in paragraph 3.19 of this report for the independent sector older people's care homes overarching agreement for the financial year 2020/2021.
- 6.4 Approve an increase in the hourly rates for Extra Care and the Direct Payments rate for Personal Assistants, in accordance with the home care rate increases to be applied to the Primary and Framework providers as stated in the report.
- 6.5 Approve an increase of 3.7% in the hourly rates for home care services commissioned on a spot purchase basis.
- 6.6 Approve the allocation of £3,215,000 to manage all uplift requests for 20/21 for all independent sector Learning Disability providers and £1,065,000 to manage all uplift requests for 20/21 for all other working age adult independent sector providers.
- 6.7 Approve the process of individual fee negotiations with providers of services for working age adults, during the course of 2020/21, based on the use of the Care Cost Calculator and on rigorous value for money audits of the Service Cost Analysis Form (SCAF) submitted by the providers.
- 6.8 Agree that all increases in fees shall be applied from the 1st April 2020
- 6.9 To note that the relevant Head of Commissioning will implement this decision immediately following the expiry of the call in period by issuing letters to the care providers to inform them of this decision and updating the Client Information System to allow payments to be made at the new rate or commencing the relevant discussions with providers where relevant.

7. Background documents¹

- 7.1 None

¹ The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.