

Report to:	Cabinet	Date of Meeting:	25 May 2023
Subject:	Adult Social Care Fees 2023/24		
Report of:	Executive Director of Adult Social Care and Health & Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Cabinet Member - Adult Social Care & Cabinet Member - Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

The purpose of this report is to set out the fees payable for Sefton Adult Social Care services, Care sectors, for financial period 2023/2024. The fees proposed include a range of care and support services to adults, including Direct Payment Recipients. The report also, sets out the future strategic direction for services, as part of the national work, which is underpinned by the Department of Health and Social Care national reforms.

Recommendation(s):

Cabinet is recommended to note the contents of the report and having given full consideration to the options outlined in the body of the report, which includes the associated Appendices, the responses to the consultation from a wide range of care and support Providers, the Equality Impact Assessments undertaken as part of the work and to authorise the implementation of the following fee increases (from 1st April 2023) having taken into account a range of factors including the response from Providers, national context, risks raised in relation to additional costs, regional averages, any other information available at the time of the consultation and the availability of financial resources, approve the following:

- (1) **Residential & Nursing Care** – Implement the following rates that are higher than the originally proposed rates outlined in the initial consultation exercise:

	Residential Care	Residential Dementia	Nursing	Nursing Dementia
2023/24 Fee	£649.70	£735.09	£668.09	£742.51
<i>2022/23 Fee</i>	£561.10	£634.85	£576.98	£641.26
Weekly Increase	£88.60	£100.24	£91.11	£101.25
% Increase	15.79%	15.79%	15.79%	15.79%
<i>Originally Proposed 2023/24 Fee</i>	£616.87	£697.95	£634.33	£705.00
<i>Originally Proposed Weekly Increase</i>	£55.77	£63.10	£57.35	£63.74
<i>Originally Proposed % Increase</i>	9.94%	9.94%	9.94%	9.94%

(2) Note that for Residential & Nursing care services any existing placements which are costed based on an individual Service User assessment are increased based on the same percentage uplifts detailed in the table above, unless where it is identified that the fee rate is sufficient for the placement. Cabinet is also asked to note that the above fee rates are not the sole funding route to agree a fee rate with care homes as there can be negotiated additional payments to reflect the complexity of care to support individuals when they are placed in a care home setting, which is directly negotiated as part of placement and Care Act assessment activities:

(3) **Domiciliary Care** – Implement the following rates that are higher than the originally proposed rates outlined in the initial consultation exercise (apart from the Sleep-in rate) for contracted / Pseudo Dynamic Purchasing System (PDPS) Providers:

Duration / Service Element*	2023/24 Rate	<i>Originally Proposed 2023/24 Rate</i>	<i>2022/23 Rate</i>
1 Hour	£21.56	£19.66	£17.89
45 Minutes	£16.17	£14.75	£13.42
30 Minutes	£10.78	£9.83	£8.95
Sleep-in (8 Hour Night)	£95.86	£95.86	£87.40
Waking Night (8 Hour Night)	£172.48	£157.28	£143.12

*Any call duration outside of this framework will have been commissioned by request with Service Users and uplift will apply on a case-by-case basis. It is worth noting that future commissioning arrangements are currently being put in place which highlight that the Council does not seek to commission 15-minute visit durations.

(4) **Direct Payment recipients who access an Agency** - that the above Domiciliary Care hourly rate is implemented and that rates for night services are increased to the

following;

Duration / Service Element	2023/24 Rate	<i>Originally Proposed 2023/24 Rate</i>	<i>2022/23 Rates</i>
1 Hour (Domiciliary Care & Community Support)	£21.56	£19.66	£17.89
Sleep-in (10 Hour Night)	£119.83	£119.83	£109.25
Waking Night (10 Hour Night)	£215.60	£196.60	£178.90

- (5) **Direct Payment recipients who utilise a Personal Assistant** - that the following rates are implemented, which include a 11.92% increase to the daytime hourly rate and the associated waking-night rate:

Duration / Service Element	2023/24	<i>2022/23</i>
1 Hour	£14.55	£13.00
Sleep-in (10 Hour Night)	£119.83	£109.25
Waking Night (10 Hour Night)	£145.50	£130.00

(6) **Community Support Services**

Duration / Service Element	2023/24 Rate	<i>2022/23 Rates</i>
1 Hour	£21.56	£17.89

(7) **Supported Living**

Duration / Service Element	2023/24 Rate	<i>2023/23 Rates</i>
Hourly Rate	£18.41	£16.76
Sleep-in (9 Hours)	£107.85	£98.33
Sleep-in (10 Hours)	£119.83	£109.25
Waking Night (9 Hours)	£165.69	£150.84

Waking Night (10 Hours)	£184.10	£167.60
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- (8) **Extra Care Housing Services** - Implement the following rates that are higher than the originally proposed rates outlined in the initial consultation exercise and constitute a 11.99% increase:

Duration / Service Element	2023/24 Rate	<i>Originally Proposed 2023/24 Rate</i>	<i>2022/23 Rate</i>
Hourly Rate	£18.77	£18.41	£16.76

- (9) **Individual Service Funds** – rates are increased based on the proposed 9.84% increase awarded to Supported Living services;

Duration / Service Element	2023/24 Rates	<i>2022/23 Rates</i>
1 Hour	£19.31	£17.58
Sleep-in (9 Hour Night)	£107.85	£98.33
Waking Night (9 Hour Night)	£173.79	£158.22

- (10) **Day Care** – rates are increased by **9.84%**, and Cabinet is asked to note that Day Services will be subject to a future procurement exercise.
- (11) That the method applied to the calculation and payment of sleep-in services are maintained under the current Domiciliary Care, Direct Payment, Supported Living and Individual Service Fund contractual and policy guidelines which is based on the expectation that Providers / Direct Payment recipients pay staff the hourly rate calculated within these rates.
- (12) That Cabinet is asked to note that fee rates will also be reviewed as part of future commissioning / procurement work for certain sectors. Final decisions on any such revised fee rates will be agreed as part of the associated procurement exercise decision-making processes and subject to their assessed affordability. It is recommended that such decisions are delegated to the Executive Director of Adult Social Care and Health in consultation with the Cabinet Member – Adult Social Care and the Executive Director of Corporate Resources and Customer Services.
- (13) Cabinet is asked to note the future fee modelling approaches outlined in this report, particularly with respect to the Real Living Wage.

Reasons for the Recommendation(s):

To enable the Council to set the fees payable for services, during the financial year period 2023/24.

Alternative Options Considered and Rejected: (including any Risk Implications)

1. **Not awarding increases** – this option was rejected in relation to all service areas as there is a requirement to ensure that fee levels are increased to consider the outcome of consultation and in relation to increases to Provider's costs, such as the increase to the National Minimum Wage.
2. **Awarding lower rates to the Residential and Nursing care, as proposed at the beginning of the consultation** – this option was considered but rejected following the analysis of the consultation responses and wider impacts, principally current market conditions, cost pressures being experienced by the sector and the national Market Sustainability and Cost of Care programme, and the specific additional funding allocated for the programme.
3. **Awarding lower rates to Domiciliary Care (which then has linkages to Direct Payments – Agency, Community Support and Extra Care Services) as proposed at the beginning of the consultation** – this option was considered but rejected following the analysis of the consultation responses and wider impacts, principally current market conditions, cost pressures being experienced by the sector and the national Market Sustainability and Cost of Care programme and the specific additional funding allocated for this programme.

What will it cost and how will it be financed?

(A) Revenue Costs

There are additional estimated gross revenue costs of £16.711m associated with the recommendation relating to the proposed uplift for Adult Social Care fees for 2023/24.

The costs associated with the proposed 2023/24 uplift for all service areas will be met from £7.500m within identified and existing permanent provision allocated within the Council's approved revenue budget for 2023/24, £3.221m of national Market Sustainability and improvement funding allocated to the Council, £3.300m from estimated additional income associated with the increase in Adult Social Care fees which includes the annual uplift in contributions from clients as well as additional contributions from health bodies to offset a proportion of the costs of the uplift for jointly funded care packages. The residual £2.690m additional cost will need to be met from the from the existing Adult Social Care budget. Details of the measures that will be introduced are included in section 7 of this report. These measures have been signed off as deliverable in the current year, but will need to become permanent in nature, to reflect the permanent nature of the increases, or alternative permanent savings found. These will need to be delivered alongside the savings approved at budget council in March 2023.

(B) Capital Costs

None

Implications of the Proposals:

<p>Resource Implications (Financial, IT, Staffing and Assets):</p> <p>The impact of the uplift will be met from the Adult Social Care budget set for 2023/24 and additional national funding received linked to Market Sustainability and Fair Cost of Care.</p>								
<p>Legal Implications:</p> <p>Care Act 2014 Care and Support Statutory Guidance The Care and Support and After-Care (Choice of Accommodation Regulations) 2014</p>								
<p>Equality Implications:</p> <p>The equality Implications have been identified and mitigated and reflected in the final Equality Impact Assessments</p>								
<p>Climate Emergency Implications:</p> <p>The recommendations within this report will</p> <table border="1"><tr><td>Have a positive impact</td><td>N</td></tr><tr><td>Have a neutral impact</td><td>Y</td></tr><tr><td>Have a negative impact</td><td>N</td></tr><tr><td>The Author has undertaken the Climate Emergency training for report authors</td><td>Y</td></tr></table> <p>It is not anticipated that there will be any positive or negative impacts relating to the recommendations proposed in this report.</p>	Have a positive impact	N	Have a neutral impact	Y	Have a negative impact	N	The Author has undertaken the Climate Emergency training for report authors	Y
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Have a neutral impact	Y							
Have a negative impact	N							
The Author has undertaken the Climate Emergency training for report authors	Y							

Contribution to the Council's Core Purpose:

<p>Protect the most vulnerable:</p> <p>By setting fees at the proposed level, Providers will receive additional funding to deliver services, thus ensuring that these services continue to operate and provide valuable care and support services.</p>
<p>Facilitate confident and resilient communities:</p>
<p>Commission, broker and provide core services:</p> <p>By setting fees, the Council will maintain a contractual relationship with Providers and will ensure the services continue to be delivered to vulnerable people.</p>

Place – leadership and influencer:
<p>Drivers of change and reform:</p> <p>The drivers are:</p> <ul style="list-style-type: none"> • Integration - national context and local linked to the recent White Paper • Market Sustainability and Improvement national programme – and associated Sefton Market Sustainability Plan • Market Position Statement for Sefton • Adult Social Care Vision and Strategy
<p>Facilitate sustainable economic prosperity:</p> <p>In setting fees at the level proposed the Council has taken account of the need for the sustainability of the local care and support markets.</p>
Greater income for social investment:
Cleaner Greener

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD.7218/23) and the Chief Legal and Democratic Officer (LD.5418/23) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

A robust consultation was conducted with Providers. The consultation process commenced on 20th March 2023. Letters were sent to Provider and Direct Payment Recipients who utilise a Personal Assistant and these letters detailed calculations on how the proposals had been formulated.

The consultation had an initial end date of 16th April 2023, but was then extended until 26th April 2023 in order to afford Providers the opportunity to consider revised proposals and to submit any further responses.

In addition, the following meetings were held where the fee proposals were discussed with Providers and responses made both in relation to the specific questions asked and the mitigation regarding market risks re increasing costs which is reflected in the final proposed rates for decision:

1. 30th March 2023 - consultation meeting with community services Providers.
2. 5th April 2023 – consultation meeting with care home Providers.

3. 24th April 2023 – meeting with care home Providers to discuss revised fee proposals.
4. 25th April 2023 – meeting with community services Providers to discuss revised fee proposals for some service sectors.

The consultation was overseen by an internal Project Group consisting of representatives from strategic commissioning, legal, finance, communications and adult social care which considered risks identified throughout the consultation and recommended mitigation of such risks as reflected in the proposed rates.

It was also reiterated to the Providers that any revised proposals were subject to internal Council approval and then subsequent Cabinet approval.

For care home Providers the meeting held on 24th April 2023 was also used as an opportunity to clarify with them that it was not the case that the revised fee proposals were linked to, or dependent on, the implementation of the future work on the sector.

Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Cabinet Meeting.

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Appendices:

The following appendices are attached to this report which reflect the detail of the robust consultation approach and the potential risks for mitigation linked to the Equality Impact Assessments which were monitored and updated throughout the life of the consultation period:

- Appendix A – 2023/24 Fee Increase consultation letters.
- Appendix B – Provider Responses to the consultations.
- Appendix C – Notes from the consultation events held with Providers.
- Appendix D – Care Home Equality Impact Assessment.
- Appendix E – Domiciliary Care & Direct Payment Rates Equality Impact Assessment.
- Appendix F – Supported Living Equality Impact Assessment.
- Appendix G – Extra Care Housing Equality Impact Assessment.
- Appendix H – Community Support Equality Impact Assessment.
- Appendix I – Day Care Equality Impact Assessment.

Background Papers:

There are no background papers available for inspection.

Introduction/Background

- 1.1. The Council is obliged each year to set and publish the fees it expects to pay when commissioning services and placing people in residential or nursing care settings (Care Homes). In setting these fees the process the Council follows, and the matters it seeks to take into account reflect relevant legal requirements, statutory and other guidance and case law.
- 1.2. In setting such fee rates the Council to have due regard to factors such as the actual costs of providing that care, other local factors; and the Best Value requirements set out in Local Government Act 1999.
- 1.3. In addition, the consultation process underpinning recommendations in this report has outlined Care Act 2014 statutory guidance published in March 2016.
- 1.4. As part of the government's adult social care reform agenda, the Council was required to complete cost of care exercises for the Older People (65+) and Domiciliary Care (18+) sectors. The aim of this is to reach a shared understanding with local care providers cost of providing care, by using the tools provided by the Department of Health and Social Care (DHSC). The exercise and the national funds being made available to local authorities is designed to support:
 - The preparation by local authorities of their markets for reform, including the further commencement of Section 18(3) of the Care Act 2014, subject to confirmation from government as to the actual start date, given the delay announced at the autumn statement reporting and that:
 - Local authorities set out how they may move towards paying providers a fair cost of care - For the purposes of the exercises, DHSC consider 'fair' to mean the median actual operating costs for providing care in the local area (following completion of the exercise). 'Fair' also means what is sustainable for the local market. This is, on average, what Local Authorities are required to move towards paying Providers.

The Council has conducted these exercises and has used outcomes from it to inform the recommendations outlined in this report.

- 1.5. As a result, the process the Council follows and the matters it seeks to take into account reflect the above relevant legal requirements, statutory and other guidance and case law.

2. The Sefton Regulated Provider Market

- 2.1. In summary the Sefton Provider market consists of the following;
 - 123 CQC registered Adults Residential & Nursing care homes – of which 89 of these typically support Older People
 - 20 contracted Domiciliary Care Providers currently delivering care packages (including some Community Support packages)

- 24 Supported Living / Community Support Providers
- 2 Extra Care housing schemes / Providers
- 4 Individual Service Fund (ISF) Providers

2.2. There are also people that utilise a Direct Payment and either commission a CQC Registered Agency or employ a Personal Assistant to support them with their assessed needs.

2.3. In recent years, and at the present time, the main changes to the markets have encompassed;

- Increased number of bed vacancies within Residential & Nursing care homes
- High acuity levels of people placed in care homes
- Increased demand for Domiciliary Care services – linked to strategic aims on supporting people to remain in their own home for longer and reduced demand for some types of care home placements
- Increased demand for Community Support packages
- Increased demand for Supported Living placements – including those which encompass a lower level of support, and also a growing impetus for the implementation Technology Enabled Care Solutions within services to support independence.
- Recognition of need to expand the Extra Care sector
- Overall Staffing issues across sectors – principally with respect to recruitment and retention of Care Staff and the need to recognise the vital role that such Staff play in the wider Health and Social care sector
- Work to further develop the Adult Social Care Vision of seeing a greater focus on early intervention and prevention and a move away from over reliance on high cost care delivered at point of crisis.

3. The Development of the Proposed 2023/24 Fee Rates and the Consultation Approach

3.1. In line with established processes the proposed fee rates outlined to Providers in the consultation letters (Appendix A) were formulated by taking into account increases to the National Living Wage (NLW) and the Consumer Price Index (CPI) and adjusting these to take into account the percentages of staffing costs and other costs that equate to typical total costs for Providers.

3.2. The consultation approach reinforced to Providers that all feedback was welcomed; and that the Council was particularly interested in gaining feedback on;

1. Whether the proposed fees would cover the cost of meeting assessed care needs / delivering services for the period from 1st April 2023 to 31st March 2024; and
2. If they did not agree with the proposed rates, then they were requested to outline why and provide any supporting information that they felt may be pertinent.

- 3.3. Consultation meetings were held remotely with Providers during the consultation period which enabled Providers to raise questions to Senior Officers within the Council and also provided a further opportunity to state their general views about the market and the challenges faced. On these meetings Providers were encouraged to formally respond to the consultations.
- 3.4. As part of these meetings the Council re-iterated the fee proposals, highlighted that Providers could submit responses in any formats they wished, and also outlined to Providers the Council's future intentions in terms of commissioning activity, changes in demand, further integrated working with Health and wider nationally driven work relating to market sustainability including cost of care exercises.
- 3.5. The consultation was overseen by an internal Project Group consisting of strategic commissioning, finance, legal, communications and adult social care.

4. Responses to the Consultation and Analysis of the Consultation Responses

- 4.1. Attendance on the remote meetings was significant with Providers encouraged to attend. The level of written response to the consultations was as follows;

Sector	Number of Provider / Care Home Responses (either as one individual response by them or more than one response from them)
Residential & Nursing Care Homes (123 care homes in Sefton)	26 NB: Includes a response (3 separate communications) from the North & South Sefton Care Home Group responding on behalf of a number of care home Providers
Domiciliary Care (20 contracted Providers)	3
Supported Living (24 contracted Providers)	5
Extra Care (2 services in Sefton)	1
Individual Service Funds	0
Day Care	3
Direct Payments – Personal Assistants	9
Community Support	0 (however, it is noted that some Community support Providers also deliver Domiciliary Care and these two sectors rates are aligned)

- 4.2. It is important to reiterate that for the **Residential & Nursing Care** home responses, some Providers submitted responses / comments more than once and that the above figures also include a response (three separate communications) from the North & South Sefton Care Home Group which is chaired by a Sefton care home owner and was responding on behalf of / representing a number of other care homes.
- 4.3. These submissions / communications are highlighted in Appendix B and included a letter of intent to commence legal proceedings related to the original proposal to implement a 9.94% increase to care home fees.
- 4.4. The Chair of this group also requested to be able to make presentations to Cabinet when this report was timetabled to be considered by them.
- 4.5. All of the responses to the separate consultations have been analysed and are included in Appendix B of this report. Where appropriate, information identifying the individual Provider submitting the response has been removed, in order to anonymise responses.
- 4.6. In summary, responses from Providers (both written responses and verbal responses during the consultation events) encompassed the following points:

Sector	Key Consultation Response Points / Comments
Residential & Nursing	<ul style="list-style-type: none"> • Council has not used the cost of care outcomes / findings. • Proposed increases are insufficient and will cause significant sustainability issues. • Increases do not reflect current significant cost pressures – such as Staffing and Utilities – and such costs are “spiralling”. • Proposed increases are significantly lower than those awarded by other Council’s – and Sefton rates would be the lowest in the region. • Other Local Authorities have also put in place fee rates that afford Providers the ability to pay Staff the Real Living Wage, which then helps with recruitment and retention. • There is no point responding to the consultation as Providers are not being listened to. • Revised fee proposal / rates remain too low, and rates need to reflect an increase of above 20%, considering other Councils are above this. • Care homes require confirmation that the new proposed rates are not linked to any conditions, such as those relating to top-ups. • Implementation of Gross payments / Sefton collection of Service User personal contributions needs to be completed by July 2023, not commenced by July 2023. • North & South Sefton Care Home Group wish to make verbal presentation to Cabinet when it meets on 25th May. • Homes are unable to operate without them levying a Third-Party Top-Up.

	<ul style="list-style-type: none"> • The revised fee increase using the CPI rate as a method to increase the overall fee rate, does not support "move towards" Fair Cost of care. This Revised Fee increase needs a further urgent review. • Care Homes need the help and support we deserve now, we are running a Business at the end of the day not a charity. Even Charity run Care Homes cannot operate at Sefton's rate (Council rates). Care Homes have been underfunded for years and this realisation is clearly showing now.
Domiciliary Care	<ul style="list-style-type: none"> • Proposed rate is well below that calculated in the recent Cost of Care exercise. • To attract people to the industry the pay at carer rate needs to be £11 minimum. • Rate needs to reflect visit duration and include sufficient pay for mileage. • Sefton are fundamentally undervaluing care and the cost of care. • Inadequacy of the rate both across the North West and nationally. • If the total budget for domiciliary care is fixed and the fee per unit of care is increased, then the number of care hours that can be afforded will decrease. Can it be assumed that this will impact upon means-tested selection of those in need with fewer people being accommodated. With less total of care hours and assuming that all the additional increase is passed on to Carers in their wages the viability of Tier 2 Providers will be jeopardised further. • The overall effect is likely to be counter to Sefton's declared aim of increasing diversity of Providers and to encourage a tendency towards a monopoly situation which will be in nobody's interests other than that of the big Providers. Service-users collectively have the most to lose.
Supported Living	<ul style="list-style-type: none"> • Rate proposed is lower than that of other Local Authorities / lowest in the Liverpool City Region. • Council needs to consider paying a rate that allows Providers to pay Staff the Real Living Wage. • Sleep-in rate is acceptable, but 'daytime' rates are not. • Hourly rate is not sustainable. • Sefton needs to re-consider the proposals. • If rates are increased for other service sectors then this creates Staff pay differentials – particularly for Providers that deliver different types of services, some of which are then receiving increases to then pay Staff the Real Living Wage.
Extra Care	<ul style="list-style-type: none"> • Proposed rate includes a Staff pay rate that will not support Staff recruitment and retention. • Real Living Wage - It would be good to see this as a standard expected of Providers.
Direct Payments –	<ul style="list-style-type: none"> • Agree with the proposed increase.

Personal Assistants	<ul style="list-style-type: none"> • The increase is required in order to increase Personal Assistants pay. • Consideration needs to be given to rate increases for Day Centre attendance.
Day Care	<ul style="list-style-type: none"> • Providers have not received year-on-year increases – for example 20% over 13 years / only 3 increases in that period of time. • Day care is an important sector and could save Sefton money in terms of how valuable it is for providing services that help mitigate breakdown of family support networks. • Day Care is also a more cost-effective service than care home placements or Domiciliary Care. • Proposed increase is way short of what we believe is the true cost of delivering quality day care / cost of delivering services. • Fee rate should be around £70 per day. • We are pleased with the proposed increase.

5. Proposed Amended Fee Proposals Following the Consultation Exercises

- 5.1. The responses to the consultation exercise and the views of Providers conveyed during the consultation meetings have been helpful in understanding the Sefton marketplace, and have been taken into account in the preparation of this report.
- 5.2. Council Officers have reviewed the responses, conducted further analysis of cost of care exercises, conducted research into rates that may be awarded by comparator Local Authorities in the region and also reviewed national information in order to review the initially proposed fee increases. Under the Care Act officers must give due consideration to the views reflected in the consultation including taking steps to mitigate potential for failure to deliver care and support on the Councils behalf. Given the views expressed in the consultation it is considered essential to reconsider rates originally modelled and to utilise all available funding routes to support this, which has resulted in the percentage increases that can be funded for some parts of the market and not for other parts.
- 5.3. Firstly, it is important to highlight that 2023/24 fee setting work is separate to the national cost of care exercise and that when initial fee proposals were formulated, they were done so in line with Care Act 2014 requirements.
- 5.4. However, as a result of this work and engagement with Providers, it is proposed that rates are increased for the **Residential and Nursing Care** sector which are higher than those originally consulted on. The consultation proposed a 9.94% increase and following consultation feedback and analysis it is recommended that fees are actually increased by 15.79%.
- 5.5. As detailed in the consultation letter the 9.94% increase was calculated in the following way:

	Increase	% of Costs	% Increase Applied
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Staffing (National Living Wage increase)	9.70%	0.7	6.79%
Other Costs – Consumer Price Index rate	10.50%	0.3	3.15%
Total			9.94%

- 5.6. The following table, summarise the change that has been applied from the original above calculations and following the consultation, which then results in a 15.79% increase;

	Increase	% of Costs	% Increase Applied
Staffing (National Living Wage increase)	9.70%	0.7	6.79%
Other Costs – Consumer Price Index rate	30.00%	0.3	9.00%
Total			15.79%

- 5.7. The above change to the Consumer Price Index rate has been made as a mechanism to increase the fees rather than a reflection of the inflationary pressures being faced by Providers. It is expected that inflation will soon start to reduce significantly (including reductions in costs such as gas and electricity costs which Providers have reported as being a significant cost pressure), but the amendment to this rate has been made as a method of increasing the fee rate above that originally proposed.
- 5.8. The proposal to increase fee rates by 15.79% will also support with Sefton implementing the national “move towards” a fair cost of care, and therefore use of the additional Department of Health and Social Care funding specifically allocated to the Council to support this for this care sector.
- 5.9. It is also proposed that **Domiciliary Care** rates are increased which are higher than those originally consulted on. The consultation proposed a 9.89% increase and following consultation feedback it is recommended that fees are increased by 20.51%.
- 5.10. As detailed in the consultation letter the 9.89% proposed increase was calculated in the following way:

Type of Cost	<i>2022/23 Originally Set Rate</i>	2023/24 Rate Element	Rationale
Carer Basic Rate	£9.75	£10.70	9.7% Increase - NLW Increase
Travel Time	£0.98	£1.07	10% of Carer Basic Rate / 6 minutes travel time
Annual	£1.15	£1.26	9.7% Increase - NLW

Leave			Increase
Training	£0.18	£0.19	9.7% Increase - NLW Increase
Sickness	£0.20	£0.22	9.7% Increase - NLW Increase
NI	£0.55	£0.60	9.7% Increase - NLW Increase
Pension	£0.19	£0.20	9.7% Increase - NLW Increase
Mileage	£0.42	£0.46	9.7% Increase - NLW Increase
Other costs	£3.96	£4.38	CPI of 10.5%
Profit	£0.52	£0.57	3% on £19.09
Hourly cost	£17.89	£19.66	9.89% Increase on £17.89

5.11. It is proposed that following the consultation and further analysis of the outcomes from the cost of care exercise, the following amended calculations are used:

	<i>Cost of Care Outputs</i>	Amended 2023/24 Calculations	Rationale
Direct care / Carer Pay Rate	£10.64	£10.90	Real Living Wage
Travel time	£1.05	£1.09	10% of £10.90 - 6 mins travel time
Mileage	£0.41	£0.45	10.5% Increase
PPE	£0.00	£0.00	
Training (staff time)	£0.21	£0.23	9.7% - NLW Increase
Holiday	£1.42	£1.56	9.7% - NLW Increase
Additional noncontact pay costs	£0.00	£0.00	9.7% - NLW Increase
Sickness/maternity and paternity pay	£0.30	£0.33	9.7% - NLW Increase
Notice/suspension pay	£0.00	£0.00	9.7% - NLW Increase
NI (direct care hours)	£0.88	£0.97	9.7% - NLW Increase
Pension (direct care hours)	£0.38	£0.42	9.7% - NLW Increase
Back office staff	£2.75	£3.04	10.5% - CPI Rate
Travel costs (parking/vehicle lease etc)	£0.00	£0.00	10.5% - CPI Rate
Rent/rates/utilities	£0.31	£0.35	10.5% - CPI Rate
Recruitment/DBS	£0.19	£0.21	10.5% - CPI Rate
Training (third party)	£0.04	£0.04	10.5% - CPI Rate
IT (hardware, software CRM, ECM)	£0.18	£0.20	10.5% - CPI Rate
Telephony	£0.07	£0.08	10.5% - CPI Rate
Stationery/postage	£0.05	£0.06	10.5% - CPI Rate
Insurance	£0.11	£0.12	10.5% - CPI Rate
Legal/finance/professional fees	£0.08	£0.08	10.5% - CPI Rate
Marketing	£0.03	£0.04	10.5% - CPI Rate
Audit and compliance	£0.00	£0.00	10.5% - CPI Rate

Uniforms and other consumables	£0.03	£0.03	10.5% - CPI Rate
Assistive technology	£0.00	£0.00	10.5% - CPI Rate
Central/head office recharges	£0.30	£0.33	10.5% - CPI Rate
Other overheads	£0.00	£0.00	10.5% - CPI Rate
CQC fees	£0.08	£0.09	10.5% - CPI Rate
Total Return on Operations	£1.05	£0.95	4.63% on £20.61 (i.e. total of the above elements)
TOTAL		£21.56	

- 5.12. Using the above calculations therefore results in a **20.51%** increase to fee rates with the calculations being made based on the individual calculated cost elements from the cost of care exercise conducted, being increased in the main by a 10.5% Consumer Price Index calculation (which was included in the original fee proposal calculations) but with amended Carer Basic Rate of £10.90 which is the current Real Living Wage rate. The travel time element is then calculated based on 10% of the carer pay rate – i.e., 6 minutes of travel time for Staff between care visits.
- 5.13. The above changes have been made to support the Domiciliary Care sector, as Sefton is experiencing a growth in demand for these services, in part due to the implementation of the wider strategic objective of supporting people to remain in their own homes for longer, as well as Providers experiencing significant issues with Staff recruitment and retention.
- 5.14. The proposed revised fee increase will also ensure that the Council is using the additional Department of Health and Social Care funding allocated to the Council to support this for this specific care sector and the “move towards” the fair cost of care.
- 5.15. It is also important to highlight that the cost of care calculations that have been used to calculate the revised proposed 2023/24 rate also reflect actual service delivery arrangements submitted by Providers as part of the cost of care exercise, in terms of calculations being based on typical average care visit times (in the region of 37 minutes) and therefore the overall rate calculated of £21.56 better reflects actual service commissioning and delivery arrangements.
- 5.16. It is also proposed that the above proposed revised rate of £21.56 is also applied to **Community Support and Direct Payment (Agency)** rates. This is due to the fact that such Direct Payment Recipients typically use the same CQC registered agencies that the Domiciliary Care contracted rate would be implemented for and that Community Support has similar service delivery arrangements to that of a Domiciliary Care service and there are some Service Users that have an overall package of support which consists of both Domiciliary Care and Community Support and therefore it is appropriate to apply the same fee rates to both service elements.
- 5.17. Should the proposed Domiciliary Care and Extra Care rates be implemented, then further market analysis will take place to verify pay rates that are actually being paid to Staff by contracted / PDPS Providers and should issues be identified with any of these Providers paying less than the Real / Foundation Living Wage then

Adult Social Care would reserve the right to consider making adjustments to rates paid to them and/or there being a review of commissioning and contractual arrangements in place with them.

- 5.18. It is also then proposed that the fee rate for **Extra Care** services is also increased above the rate originally proposed. The following table highlights the proposed changes:

Type of Cost	2023/24 Revised Proposed Rate	Rationale / Changes	<i>2023/24 Originally Proposed Rate</i>	<i>Rationale</i>	<i>2022/23 Rate</i>
Carer Basic Rate	£10.90	Same as Domiciliary Care Staff rate	£10.56	9.7% NLW Increase	£9.63
Management	£0.74		£0.74	9.7% NLW Increase	£0.67
Administration	£0.54		£0.54	9.7% NLW Increase	£0.49
Annual Leave	£1.46		£1.46	9.7% NLW Increase	£1.33
Training	£0.34		£0.34	9.7% NLW Increase	£0.31
Sickness	£0.26		£0.26	9.7% NLW Increase	£0.24
NI	£0.77		£0.77	9.7% NLW Increase	£0.70
Pension	£0.41		£0.41	9.7% NLW Increase	£0.37
Other costs	£2.80		£2.80	10.7% CPI	£2.53
Profit	£0.55	3% on £18.22	£0.54	3% on £17.88	£0.49
Hourly Fee	£18.77	11.99%	£18.41	9.84% Increase	£16.76

- 5.19. The above changes have been made in order to ensure parity with the Domiciliary Care Staff pay rate, due to the similar nature of the services and care and support tasks that the Staff conduct.

- 5.20. The additional Department of Health and Social Care funding can also be used to increase fee rates for Extra Care services due to their linkage to Domiciliary Care.

6. Impact on Other Service Sectors – Differential Fee Structures / Consultation Feedback / Real Living Wage Matters

- 6.1. As outlined in section 5 of this report, the consultation exercises and subsequent analysis work has resulted in revised fee increase proposals for some sectors, but not for other sectors and it is important to highlight to Cabinet the reasons for this.

- 6.2. For the Domiciliary Care, Community Support and Extra Care sectors, if the proposed rates are approved then this should result in Providers being able to pay their Staff the current Real Living Wage.
- 6.3. As previously stated, the Council remains committed to the implementation of the Real Living Wage, and will be conducting further work on a sector-by-sector basis on this, however there are significant cost and affordability implications associated with implementation across all sectors, which will need to be taken into account.

7. Financial Implications

- 7.1. The gross costs of implementing the proposed fee increases for 2023/24 are estimated to be £16.711m. This total cost associated will be met from £7.500m within identified and existing permanent provision allocated within the Council's approved revenue budget for 2023/24, £3.221m of national Market Sustainability and fair cost of care funding allocated to the Council (less existing staffing commitments), £3.300m from estimated additional income associated with the increase in Adult Social Care fees which includes the annual uplift in contributions from clients as well as additional contributions from health bodies to offset a proportion of the costs of the uplift for jointly funded care packages. This will leave a sum of £2.690m that the council will need to fund from its existing Adult Social Care budget.
- 7.2. The measures to meet this expenditure will be funded as follows and it is important to note that they are in addition to those savings previously proposed by the service and approved at budget council in March 2023. Like those savings it has been confirmed that these proposals are deliverable to the value outlined:
- Overall reduction in level of care home placements being made – linked to the strategic objective of supporting more people in their own homes for longer and delivery of wider projects on reviews of placement costs, including partnership working with Cheshire & Merseyside ICB Sefton Place Team - **£0.230m**
 - Transformation and improvement activities – such as increased 'front door offer', greater use and provision of community-based services and increased use of Technology enabled Care Solutions and the expansion of the Reablement service (which results in more people receiving an initial phase of Reablement, helping people be as independent as possible for longer thus reducing the level of any long-term care/support required) and greater use of community assets - **£0.425m**.
 - Revised Domiciliary Care contractual and delivery arrangements – including implementation of Payment by Actuals with all Domiciliary Care Providers, Trusted Assessor approach which ensures that identified reductions in care packages are implemented in a timely manner – delivery of this approach will be monitored through an enhanced contract monitoring framework and review programme - **£0.535m**
 - Review programme for complex community packages - **£0.750m**
 - Utilisation of grant funding to deliver / commission services - **£0.250m**
 - Better Care Fund - **£0.500m**

The delivery of these proposals will be reported to cabinet as part of the regular monthly monitoring process.

- 7.3. For the proposed fee increases, the additional budgetary impact broken down by the service sectors is as follows;

Sector	£
Residential & Nursing	£8.425m
Domiciliary Care / Extra Care / Direct Payments (Agency) / Community Support	£4.473m
Direct Payments (Personal Assistants)	£0.798m
Supported Living	£2.376m
Individual Service Funds	£0.181m
Total	£16.711m

8. Equality Impact Assessments and Risk Management Overview

- 8.1. The initial proposals for Adult Social Care fees for 2023/24 have been subject to consultation and engagement with Providers as part of the process of assessing the potential equality impact of the proposals.
- 8.2. The initial Equality Impact Assessments produced at the commencement of the consultations have been reviewed as part of the consultation processes and considers and reflects feedback from Providers.
- 8.3. The revised fee proposal recommendations do not involve any change to the criteria for services, as assessed via the Council's eligibility criteria nor do they involve any changes to the capacity of services. Assessments and eligibility for services will continue to be undertaken in line with the Care Act 2014 and meeting all required statutory duties.
- 8.4. There may be an impact relating to viability and that in implementing these fee proposals some Providers may face difficulties in adapting their services to the new fee levels if there is a gap in funding. This will be monitored closely through commissioning meetings and engagement with providers.
- 8.5. In addition, if the recommendations were to be implemented then this could result in fee structures for clients changing. For example, for the care home sector, Providers may seek to obtain the difference between the existing fee amount and the fee they wish to charge from clients via increasing their contribution. This may place some clients at an economic disadvantage. To mitigate risk of these issues impacting on Families and Residents, officers will review and monitor closely through commissioning meetings and engagement with providers and risks managed accordingly.

- 8.6. Equality Impact Assessments are included as Appendices D-I of this report, which outline that should the above issues materialise then which protected characteristics may be affected. The Equality Impact Assessments outline actions to be implemented to monitor the impact of the proposed recommendations.
- 8.7. It is also important to note that fee rates will also be reviewed as part of future commissioning / procurement work for certain sectors. Final decisions on any such revised fee rates will be agreed as part of the associated procurement exercise decision-making processes and subject to their assessed affordability. It is recommended that such decisions are delegated to the Executive Director of Adult Social Care and Health in consultation with the Cabinet Member – Adult Social Care and the Executive Director of Corporate Resources and Customer Services.