

Report to:	Cabinet	Date of Meeting:	Thursday 4 April 2024
Subject:	Adult Social Care Fees 2024/25		
Report of:	Executive Director of Adult Social Care and Health & Executive Director Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Cabinet Member - Adult Social Care		
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 for the financial period 2024/2025. The fees proposed include a range of care and support services to adults, including Direct Payment Recipients.

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 2024), which for some sectors are higher than those originally consulted upon, having taken into account a range of factors including the response from Providers, national context, risks raised in relation to additional costs and 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:

	Residential Care	Residential Dementia	Nursing	Nursing Dementia
2024/25 Fee	£701.81	£794.04	£721.67	£802.06
<i>2023/24 Fee</i>	£649.70	£735.09	£668.09	£742.51
Weekly Increase	£52.11	£58.95	£53.58	£59.55
% Increase	8.02%	8.02%	8.02%	8.02%

(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 for contracted / Pseudo Dynamic Purchasing System (PDPS) Providers:

Duration / Service Element*	2024/25 Rate	<i>2023/24 Rate</i>
1 Hour	£23.42	£21.56
45 Minutes	£17.57	£16.17
30 Minutes	£11.71	£10.78
Sleep-in (8 Hour Night)	£105.25	£95.86
Waking Night (8 Hour Night)	£187.36	£172.48

*Any call duration outside of this framework will also be uplifted. It is worth noting that the consultation letter sent to Providers highlighted the Council’s ongoing commitment to not commissioning 15-minute visit durations.

- (4) **Community Support Services**

Duration / Service Element	2024/25 Rate	<i>2023/24 Rates</i>
1 Hour	£22.55	£21.56

- (5) **Direct Payment recipients who access a CQC Agency for Community Support** - that the above Community Support hourly rate is implemented:

Duration / Service Element	2024/25 Proposed Rate	<i>2023/24 Rates</i>
1 Hour	£22.55	£21.56

- (6) **Direct Payment recipients who access a CQC Agency for Domiciliary Care** - that the above Domiciliary Care hourly rate is implemented and that rates for night services are increased to the following:

Duration / Service Element	2024/25 Rate	<i>2023/24 Rate</i>
1 Hour (Domiciliary Care & Community Support)	£23.42	£21.56

Sleep-in (10 Hour Night)	£131.56	£119.83
Waking Night (10 Hour Night)	£234.20	£215.60

(7) **Direct Payment Recipients who utilise a Personal Assistant for Domiciliary Care or Community Support:**

Duration / Service Element	2024/25	2023/24
1 Hour	£15.84	£14.55
Sleep-in (10 Hour Night)	£131.56	£119.83
Waking Night (10 Hour Night)	£158.40	£145.50

(8) **Direct Payment Recipients who utilise Day Care / Day Opportunity Services:**

Dependency Level	2024/25 Proposed Rate	2023/24 Rates
Low	£40	£37
Medium	£61	£56
High	£121	£112

(9) **Supported Living** – Implement the following rates which are higher than those originally proposed at the commencement of the consultation exercise (apart from the sleep-in rates):

Duration / Service Element	2024/25 Rate	<i>Originally Proposed 2024/25 Rate</i>	<i>2023/24 Rates</i>
Hourly Rate	£20.64	£20.53	£18.91
Sleep-in (9 Hours)	£118.40	£118.40	£107.85
Sleep-in (10 Hours)	£131.56	£131.56	£119.83
Waking Night (9 Hours)	£185.76	£184.77	£170.19
Waking Night (10 Hours)	£206.40	£205.30	£189.10

(10) **Extra Care Housing Services** - Implement the following rates which are higher than the rate originally proposed at the commencement of the consultation exercise:

Duration / Service Element	2024/25 Rate	<i>Originally Proposed 2024/25 Rate</i>	<i>2023/24 Rate</i>
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Hourly Rate	£20.64	<i>£20.53</i>	<i>£18.91</i>
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- (11) **Individual Service Funds** – Implement the following rates which are higher than those originally proposed at the commencement of the consultation exercise (apart from the sleep-in rate):

Duration / Service Element	2024/25 Rate	<i>Originally Proposed 2024/25 Rates</i>	<i>2023/24 Rates</i>
1 Hour	£21.66	<i>£21.54</i>	<i>£19.84</i>
Sleep-in (9 Hour Night)	£118.40	<i>£118.40</i>	<i>£107.85</i>
Waking Night (9 Hour Night)	£194.94	<i>£193.86</i>	<i>£178.56</i>

- (12) **Day Care** – rates are increased by **9.15%** (original proposal consulted on was for a 8.57% increase)
- (13) **Shared Lives** – rates are increased by **9.15%**
- (14) That based on the average inflationary increases awarded to Providers and/or calculated required increases to existing agreements/contracts, that inflationary increases are also awarded to Voluntary, Community and Faith (VCF) grants, contracts for the delivery of Carers services and contracts with Partner Providers.
- (15) 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. If this is evidenced that this is not the case, Council Officers are authorised to review current contractual, Direct Payment and pilot project arrangements and adjust payments if appropriate.
- (16) That should recommendation 3 be approved relating to the Domiciliary Care rate, then this rate is used to formulate a rate to be implemented as a 'guide price' / hourly rate for any additional 1:1 care commissioned for individual care home placements to support people to remain safe and achieve their assessed needs, and as part of a policy and process relating to the provision of 1:1 care. The 'guide price' / hourly rate will be formulated by using elements of the Domiciliary Care rate and it is further recommended that decisions on the 'guide price' / hourly rate formulated 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.
- (17) 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.

- (18) Cabinet is asked to note the ongoing fee modelling approaches outlined in this report, particularly with respect to the Real Living Wage.
- (19) Cabinet is also asked to note that with respect to the Residential & Nursing sector the above work will link into the wider market work taking place, such as the development of a new commissioning framework for which a separate report will be submitted to Cabinet on this matter at a future date, and work taking place to update Sefton's Market Position Statement and Market Sustainability Plan.

Reasons for the Recommendation(s):

To enable the Council to set the fees payable for services, during the financial year period 2024/25.

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.
2. **Awarding originally proposed fee increases for some sectors** – this option was considered and rejected following an evaluation of the consultation responses and wider market analysis work, which resulted in the revised proposals being recommended in this report.

What will it cost and how will it be financed?

(A) Revenue Costs

There are additional estimated gross revenue costs of £12.116m associated with the recommendation relating to the proposed uplift for Adult Social Care fees for 2024/25.

The costs associated with the proposed 2024/25 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 2024/25 and £3.250m 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 £1.366m additional cost will need to be met from the from the existing Adult Social Care budget and the market management and transformation work outlined in this report.

(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 2024/25.</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.</p>								
<p>Impact on Children and Young People: No</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>No</td></tr><tr><td>Have a neutral impact</td><td>Yes</td></tr><tr><td>Have a negative impact</td><td>No</td></tr><tr><td>The Author has undertaken the Climate Emergency training for report authors</td><td>Yes</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	No	Have a neutral impact	Yes	Have a negative impact	No	The Author has undertaken the Climate Emergency training for report authors	Yes
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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>
<p>Place – leadership and influencer:</p>
<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>
<p>Greater income for social investment:</p>
<p>Cleaner Greener</p>

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD7610/24) and the Chief Legal and Democratic Officer (LD5710/24) 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 23rd February 2024 and ended on 8th March 2024. Letters were sent to Provider and Direct Payment Recipients and these letters detailed calculations on how the proposals had been formulated.

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.

1. 4th March 2024 - consultation meeting with community services Providers.
2. 4th March 2024 – consultation meeting with care home Providers.

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.

Implementation Date for the Decision

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

Contact Officer:	Neil Watson
Telephone Number:	07929 783315
Email Address:	neil.watson@sefton.gov.uk

Appendices:

The following appendices are attached to this report:

- Appendix A – 2024/25 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 Initial Equality Impact Assessment.
- Appendix E – Domiciliary Care Initial Equality Impact Assessment.
- Appendix F – Supported Living Initial Equality Impact Assessment.
- Appendix G – Extra Care Housing Initial Equality Impact Assessment.
- Appendix H – Community Support Initial Equality Impact Assessment.
- Appendix I – Day Care Initial Equality Impact Assessment.

Background Papers:

There are no background papers available for inspection.

1. 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 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:
 - 122 CQC registered Adults Residential & Nursing care homes – of which 88 of these typically support Older People

- 31 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
- 12 Day Care Service Providers.

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

2.3. In recent years, and at the present time, the main changes to the markets and agreed strategic priorities have encompassed:

- Ongoing strategic aim of supporting less people in care homes and supporting people to remain living in their own homes for longer.
- High acuity levels of people placed in care homes.
- Increased requests for additional 1:1 / enhanced observations support for individual care home placements.
- 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.
- Strategic aim of expanding the delivery of Reablement services so that as many people as possible receive a period of support to regain their independence, thus seeking to reduce the requirement for, or level of longer-term care.
- 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 2024/25 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), Real Living Wage (RLW) 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. For Community Support rates, these have historically been aligned to the Domiciliary Care rate, however the proposals encompassed revisions to the calculations to take into account that Community Support includes the commissioning of less individual visits than Domiciliary Care and longer visit durations.
- 3.3. 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 2024 to 31st March 2025; 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.
- 3.4. 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.
- 3.5. 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.
- 3.6. 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 (122 care homes in Sefton)	24 NB: Includes a response from the North & South Sefton Care Home Group
Domiciliary Care (31 contracted Providers)	1

Supported Living (24 contracted Providers)	11
Extra Care (2 Providers / services in Sefton)	1
Individual Service Funds (4 contracted Providers)	1
Day Care (12 contracted Providers)	4
Direct Payment Recipients	3
Community Support (typically delivered by Supported Living and Domiciliary Care Providers)	1

- 4.2. It is important to reiterate that for the **Residential & Nursing Care** home responses, the above figures also include a response from the North & South Sefton Care Home Group which is chaired by a Sefton care home owner and it was stated that they were responding on behalf of / representing a number of other care homes, but that such care homes would also be submitting their own individual responses.
- 4.3. 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. Council Officers advised the Chair of the Group on the procedure to be followed for the submission of a petition.
- 4.4. 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 Providers submitting the response has been removed, in order to anonymise responses.
- 4.5. 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"> • Points were raised regarding the 2022 National Fair Cost of Care and the remaining gap to meet this. • Concern was expressed that the national minimum wage increase of 9.8% will be difficult to meet along with operating insurance, utilities, cost of food, amongst other cost of living crisis. • Concern around gross fees not being paid as standard. Sefton is an outlier when it comes to the payment of gross fees. After years of frustrated delay this important matter cannot be further postponed, and an implementation date of 1st October 2024 is requested to provide the sector with desperately required planning certainty. • Concern expressed with the link between funding and quality and the national trend in a reduction in quality. • The market would like to see more impact from the ICB model implementation including consistency of commissioning and more timely and accurate payments from a health perspective. • Providers feel unable to make a profit on the basis of current fees

and may reduce the capacity available as a result.

- Council should consider an increase nearer to 10%.
- Budget challenges were outlined however providers did not recognise the link between allocated council budget and their own request for higher fee rates.
- The risk of retaining staff was raised and an ask to consider higher fee rates to support paying higher rates. This should include a specific allocation to meet the Real Living Wage.
- Please re-evaluate these proposed fees and present a more appropriate fee increase before irreversible damage is done to your Sefton Social Care sector.
- Whilst the Council has budgetary issues, would the Council not be better going bankrupt – and tell the Government. The Council should pay the fees that Providers are entitled to, and go bust.
- It is not for the Council to set fees, it is up to Providers to set the fees. Providers need to collectively agree to state that they are not prepared to deliver at Council rates.
- 8.02% does not cover wage increases – even if care homes are full.
- Staff are leaving to work in sectors such as retail as they can get more money.
- No reasonable profit in Council fees – you cannot fill vacancies on these rates.
- Providers may think it better to reduce their bedspaces.
- We have had ten years of different Governments stating that they will deal with Social Care.
- The consultation process this year has been rushed – meeting today should have been used by Providers to then submit responses.
- We are businesses and we are here to make a profit.
- We take on additional burdens such as due to Sefton not paying gross.
- We are not getting enough money and we are being set up to fail.
- By setting settings its fees so low it is giving the impression that Providers are just trying to get more money and they are not, as they have to levy a top-up.
- To be sustainable we require at least a 10.1% uplift.
- It is hoped that Sefton Council will genuinely recognise the ongoing social care challenge we face looking after societies' most vulnerable and make the ethical and moral right decision to value our people, their amazing contribution and sincerely support this fragile sector at this time.
- The well-documented inflationary pressures on care homes and the crisis in retention and recruitment are creating unprecedented pressures on us. These must be reflected in the fees you pay and in the fee uplifts due to take place from 1st April 2024.
- The Statutory Guidance issued in connection with the Care Act 2014 helpfully elaborates on the Council's obligation to ensure sustainability.
- The Council has also decided that for the second year running care provision within community services sector should be paid at the

	<p>RLW rate whilst maintaining that care in residential should only be paid at the minimum wage rate. The acceptance of the need for a RLW to be paid in some care services shows the councils recognition that the labour market needs to be competitive, but failing to apply the same rate to all forms of care provision could be seen as managing the market to suit the councils preferred route for care provision.</p> <ul style="list-style-type: none"> • A significant shortfall has developed between the actual costs of providing the service and the fees payable which is no longer sustainable. • Not currently meeting the Fair Cost of Care rate means that it is necessary for the charging of a top up for the difference between the Local Authority rate and the actual cost of care for our services. • Providers cannot compete with what other companies are paying.
Domiciliary Care	<ul style="list-style-type: none"> • Proposed uplift is significantly less than the increase in the cost of services. • Sustainability of service is affected by the hours commissioned by the Council. • The indicative £12 per hour for Staff pay falls well short of what is required to recruit Staff. • Sefton rates are below UK Homecare Association calculated rates. • Sefton needs to recognise the Care Act 2014 Wellbeing principles and not just focus on meeting people's physical needs. • Failing to keep pace with increased costs threatens Provider ability to meet provisions of the Care Act 2014. • Last year a lot of progress was made to meet actual cost of care exercise findings. Concern is that proposed uplift does not match increase in costs.
Supported Living	<ul style="list-style-type: none"> • No increase to non-Staff cost element of the rate is an issue. • Sleep-in provision challenge and how this is costed for providers was discussed. • Clarity of position on the Real Living Wage and contractual requirement requested. • Previous year's level of fee increase went a long way to address historical issues but there was disappointment expressed that this has not been continued. • Providers cited that there are regional examples where the fees paid are higher and requested continued bench marking. • The impact of Non staff costs, National Insurance and digitalisation were all discussed as additional cost pressures. • There are recruitment issues – as we are competing with care homes and domiciliary care. • There are increases to training and recruitment costs which the council should seek to meet in other ways. • Providers asked for improved engagement with the sector throughout the year to better understand the financial picture for both the council and providers. • An uplift increase of 8.57% unfortunately falls short of meeting the necessary costs associated with services.

- Providers cited that the rate is not able to absorb a 9.8% surge in NLW mandates commensurate adjustments in our fee rates / The fiscal drag resulting from frozen National Insurance thresholds further compounds our operational costs / CPI of 8.3% (2023).
- Request that an enhanced rate (flexible) for people with very complex support needs be considered.
- Sefton Models – we would like to see explanation of how the models have been built as opposed to just the £ per category. This would allow providers to compare to their own models.
- Provider Engagement – it would be welcomed to have provider engagement on fee setting much earlier to allow for measured input and considered feedback. We work with other Local Authorities from the November prior to uplifts taking effect in April, to allow for time to do this before presentations need to be made to Cabinet for final sign off.
- The Sefton proposal is a rate of £20.53 however for one provider current actual costs are £22.62.
- Recruitment and retention remain an issue as the care sector is still competing for a limited pool of workers against other support providers and competing industries and or companies able to offer a variety of additional benefits and superior wages.
- Due to NHS support rates being low providing a jointly commissioned care package is currently unsustainable.
- If the proposed fee uplift goes ahead then many providers are going to struggle to keep afloat.
- The consultation period has not been of a reasonable enough timeframe for it be meaningful.
- ARC England has carried out a review by local authority of the fee uplifts and is calling for a minimum uplift of 12% to cover additional costs associated with the 2023 autumn budget. Research carried out suggests a minimum fee of £21.93 to meet the requirements of the 24/25 national living wage. However, even if this rate were achieved it would not address the significant underfunding that has been received over the last 10 years.
- As a company we have seen increases across the board for all other costs, without exception. This includes gas / electric / subscriptions / business insurance and consumables.
- Providers are struggling to recruit to vacancies and are having to turn to the goodwill of existing staff to fill gaps (via overtime at enhanced rates) and agency staff. Agency rates have increased in the past twelve months and are likely to increase again in the next financial year.
- A rate of £22.63 is required in order to pay Staff the RLW and to meet all costs.
- Providers may need to hand-back services that are financially unsustainable.
- Sefton commissioned services have performed poorly from a

	financial perspective, largely due to the low hourly rate.
Extra Care	<ul style="list-style-type: none"> Disappointing to hear some community providers are prepared to take an uplift based on paying the RLW but not prepared to pay this to their staff. As a RLW employer we are more than happy to accept an uplift based on this for all of our staff, not only those working in community settings. Rewarding providers to pay differential rates does nothing for the workforce challenges faced by providers and will not lead to market sustainability.
Direct Payments	<ul style="list-style-type: none"> Are we to pay the PAs £15.84 p/hr as it seems that is to be the new national minimum wage or are we to pay them £12.50 p/hr maximum as it seems to be that sum quoted in the letter as being advised by Sefton. From an PA employer point of view, I just need to know which figure to pay the PA and trust that all the other info/charts in graphs contained in the letter is understood and dealt with by the organisation. The amount being proposed doesn't cover my/our situation, and that should be considered.
Day Care	<ul style="list-style-type: none"> With regards to the recent email about the proposed uplift for April 2024, we are happy to accept this. Concerned that this year's increases are lower than last year – we are still some way behind actual costs. National Living Wage is going up more than the proposal. Our costs are increasing more, and this will be provided in a more detailed response. Day Care is unique in some ways as it has had 4/5 years where there was no increase – so has in some ways fallen behind. Disappointing to hear some community providers are prepared to take an uplift based on paying the RLW but not prepared to pay this to their staff. As a RLW employer we are more than happy to accept an uplift based on this for all of our staff, not only those working in community settings. Rewarding providers to pay differential rates does nothing for the workforce challenges faced by providers and will not lead to market sustainability. The proposed increase does not even match nor cover the substantial increase in the national minimum wage currently at 9.8% & this is before the additional cost pressures we are experiencing. The rates currently paid by Sefton for Day services do not cover our costs and despite presenting our detailed cost information last year we are still not receiving full cost recovery, this level of uplift will make our financial position even worse. Whilst we accept that the local authority is struggling with demand and would accept the proposed uplift, so long as it is across the 3 rates at 8.57%. Providers continue to experience workforce pressures. Our cost model to support with paying Staff the RLW calculates a rate of £22.49. Sefton's current 2022/23 ranks 7th out of 10 against comparator commissioners and £0.97 below our expected rate, resulting in a shortfall. There needs to be more partnership working and Provider

	<p>engagement in Sefton.</p> <ul style="list-style-type: none"> Proposed rate is not acceptable.
ISF's	<ul style="list-style-type: none"> The 2023/24 initial uplift offer included an uplift on this element based on the September 2022 CPI rate of 10.1%. This year this element has not received an uplift. There are other items of expenditure that we have to incur – such as digitisation, insurance and PPE. There are general increase in costs due to high inflation, driven by energy cost, supply chain issues. Rate does not cover the true cost of training. Recruitment and retention remain an issue as the care sector is still competing for a limited pool of workers against other support providers and competing industries and or companies able to offer a variety of additional benefits and superior wages. Due to NHS support rates being low providing a jointly commissioned care package is currently unsustainable.
Community Support	<ul style="list-style-type: none"> A meeting is required to discuss funding shortfalls.

5. Fee Proposals Following the Consultation Exercises and Initial Benchmarking Analysis

- 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 arrive at the recommended fee increase proposals.
- 5.3. These recommended fee proposals encompass increases higher than originally consulted on for Day Care, Shared Lives, Supported Living, Extra Care and ISF services. Extra Care and ISF rates have historically been aligned and calculated based on any set Supported Living rate and increases awarded for Day Care and Shared Lives have been based on the percentage uplift awarded to other community services such as Supported Living. The following table details the changes made to the Supported Living rate calculation, which leads to an increase of 9.15%. The consultation proposed a 8.57% increase, and this newly calculated 9.15% increase has then been applied to Day Care, Extra Care, ISF and Shared Lives. Sleep-in rates have not been amended following the consultation.

Type of Cost	2023/24 Fee Rate	Originally Proposed 2024/25	Originally Proposed Calculation Details	2024/25	Revised Calculation Details
Carer Basic Rate	£10.90	£12.00	10.09% RLW Increase	£12.00	10.09% RLW Increase

Management	£0.76	£0.84	10.09% RLW Increase	£0.84	10.09% RLW Increase
Administration	£0.56	£0.62	10.09% RLW Increase	£0.62	10.09% RLW Increase
Annual Leave	£1.51	£1.66	10.09% RLW Increase	£1.66	10.09% RLW Increase
Training	£0.35	£0.39	10.09% RLW Increase	£0.39	10.09% RLW Increase
Sickness	£0.27	£0.30	10.09% RLW Increase	£0.30	10.09% RLW Increase
NI	£0.79	£0.87	10.09% RLW Increase	£0.87	10.09% RLW Increase
Pension	£0.42	£0.46	10.09% RLW Increase	£0.46	10.09% RLW Increase
Other costs	£2.80	£2.80	Not Increased	£2.91	3.9% CPI
Profit	£0.55	£0.60	3% on £19.93	£0.60	3% on £20.04
Hourly Fee	£18.91	£20.53	8.57% increase	£20.64	9.15% increase

- 5.4. As outlined in section 2.3 of this report there have been increased requests for additional 1:1 / enhanced observation support relating to individual care home placements and as a result the policy and process included as Appendix J of this report is being implemented and as outlined in recommendation 15 of this report, it is proposed that the 'guide price' / hourly rate to be paid under this policy and process will be formulated based on the Domiciliary Care rate, should that rate be approved by Cabinet. The policy and process is being introduced to ensure that there are more robust arrangements in place to assess and review the requirements for any such additional support people may require in a care home placement, including taking into account human rights issues.
- 5.5. At the time of submission of this report, full benchmarking of Sefton's proposed 2024/25 rates analysed against other regional Local Authorities confirmed or proposed 2024/25 rates has not been able to be undertaken as other Local Authority rates are either still being formulated or are currently subject to Provider consultation. Some initial analysis has taken place, which is summarised in the following table, with the table also detailing Sefton's 'ranking' for each care category. As the table shows the proposed Sefton Domiciliary Care rate will be the highest and for care homes, Sefton's rates are not the lowest rates. However, it is important to highlight that the figures below are subject to confirmation. Ongoing benchmarking analysis will take place to compare Sefton's 2024/25 rates (subject to their ratification), against other comparator Local Authority rates, as part of continued market management and risk assessment work:

Local Authority Ref	Care Home Residential	Care Home Dementia Residential	Care Home Nursing	Care Home Dementia Nursing	Domiciliary Care
A	£685.37	£791.90	£718.57	£830.23	£21.92
B	£690.23	£835.07	£746.09	£836.77	

C	£676.00	£755.00	£733.00	£779.00	£22.50
Sefton	£701.81	£794.04	£721.67	£802.06	£23.42
Sefton Ranking (1 being the highest rate)	1	2	3	3	1

6. Transformation and Market Management Work / Real Living Wage Matters

- 6.1. For the Domiciliary Care, Community Support, Extra Care, Supported Living and Individual Service Fund sectors, if the proposed rates are approved then this should result in Providers being able to pay their Staff the current Real Living Wage. Providers will be written to setting out obligations to ensure increases are passed to those delivering care and the commissioning team will regularly engage with providers to understand how this is working for providers and care staff.
- 6.2. 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 still some areas where there are significant cost and affordability implications associated with implementation across all sectors, which will need to be taken into account and continued partnership working on this is needed.
- 6.3. The above work will take place as part of wider market transformation and procurement work. This work will encompass delivery of the strategic aims outlined in section 2.3 of this report and the following:
- **Residential & Nursing** care market management – including:
 - Assessment on the most strategically relevant homes is needed and a managed process of supporting the most relevant providers is required. Sefton has more residential and nursing beds per head of older population than anywhere else nationally (90 beds per 1000 people aged over 75) and we have only experienced a 1% reduction in the last decade.
 - Seeking to ensure a decrease of 10 beds per 1000 people aged over 75 to bring us in line with the North West average, and by 19 beds per 1000 people aged over 75 to bring us into line with the UK average. This should be achieved with the market through strategic, relevant support and delivery of the Market Position Statement over the next 3 years at a steady rate to ensure stability of the market.
 - Further integrated work with Health – such as with respect to Intermediate Care services and Discharge to Assess models.
 - New commissioning arrangements – this is subject to a separate report being submitted to Cabinet.
 - **Extra Care Housing** – which will markedly reduce demand for residential care, however this won't take effect until 2026/27, making this a year 3 deliverable to further reduce the Care Home market to below average rates of beds per head over 75.
 - Further expansion of **Domiciliary Care and Reablement** provision – including to seek to achieve a period of Reablement for all before long-term care and

support is engaged. This will help support the desired increase in long-term Domiciliary Care and a decrease in the reliance on Care Homes.

- The recommissioning and remodelling of our **Supported Living** offer is significant, and has progressed since it was reported to Cabinet in 2022. There has been significant work to look at the best model for Sefton. The Local Government Association is currently supporting the Council's Commissioning Team to define a new way for working, which we will bring further reports to Cabinet on. This work will allow the Council to achieve the maximum outcomes for individuals who have a range / different level of need, and so that the Council is assured that there is a best use of resources to support such individuals.

7. Financial Implications

- 7.1. There are additional estimated gross revenue costs of £12.116m associated with the recommendation relating to the proposed uplift for Adult Social Care fees for 2024/25. The costs associated with the proposed 2024/25 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 2024/25 and £3.250m 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 £1.366m additional cost will need to be met from the from the existing Adult Social Care budget and the market management and transformation work outlined in this report. The measures to meet this expenditure will be funded through the delivery of the workstreams outlined in sections 2.3 and 6.3 of this report.
- 7.2. For the proposed fee increases, the additional budgetary impact broken down by the service sectors is as follows;

Sector	£
Residential & Nursing	£5.165m
Domiciliary Care / Extra Care / Direct Payments (Agency) / Community Support	£2.618m
Direct Payments (Personal Assistants)	£0.466m
Supported Living	£2.744m
Day Care	£0.214m
Individual Service Funds	£0.172m
Shared Lives	£0.145m
VCF / Carers Contracts / Provider Partner contracts	£0.592m
Total	£12.116m

8. Equality Impact Assessments and Risk Management Overview

- 8.1. The initial proposals for Adult Social Care fees for 2024/25 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. Initial Equality Impact Assessments have been produced and are included as Appendices D-I of this report.
- 8.3. It is important to highlight that implementation of these fee proposals encompass the requirement to regularly review market risks, such as with regard to some Providers potentially facing 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, ongoing engagement with Providers and through transformation and market management work, including the updating of Sefton's Market Position Statement and Market Sustainability Plan. This work will also include ongoing benchmarking analysis, building on the initial work conducted to date, outlined in section 5.5 of this report.
- 8.4. The impact of the fee recommendations will continue to be monitored and if any impacts are identified then full Equality Impact Assessments will be completed.
- 8.5. 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 exercises 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.