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CITY OF
WOLVERHAMPTON
COUNCIL

Cabinet (Resources) Panel Meeting

Tuesday, 28 March 2017

Dear Councillor

CABINET (RESOURCES) PANEL - TUESDAY, 28 MARCH, 2017

I am now able to enclose, for consideration at next Tuesday 28 March 2017 meeting of the Cabinet (Resources) Panel, the following reports that were unavailable when the agenda was printed.

Agenda No Item

- 8 **Domiciliary Care Framework - Cost Rate Uplift (Pages 3 - 12)**
[To approve the proposed increase for Domiciliary Care, and Direct Payment cost rate, and to outline the methodology used to develop the new rate][**Report to follow**]

- 19 **Print and Outgoing Mail Strategy (Pages 13 - 32)**
[To consider the outcome of the print and outgoing mail strategy]

If you have any queries about this meeting, please contact the democratic support team:

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Cabinet (Resources) Panel

28 March 2017

Report title	Domiciliary Care Framework - Cost Rate Uplift	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Sandra Samuels Adults	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All	
Accountable director	Linda Sanders - People	
Originating service	Commissioning	
Accountable employee(s)	Paul Smith Tel Email	Head of Strategic Commissioning 01902 55 5318 paul.smith@wolverhampton.gov.uk
Report has been considered by	People Leadership Team Strategic Executive Board	9 March 2017 14 March 2017

Recommendation(s) for action or decision:

The Cabinet (Resources) Panel is asked to:

1. Approve the cost rate for all active domiciliary care providers and Direct Payments from 3rd April 2017; in line with the legislative National Living Wage (NLW) increase and the Retail Price Index (RPI) rate of 1.6% as of January 2017.

1. Purpose

- 1.1 The purpose of this report is to set out the proposed increase for Domiciliary Care, and Direct Payment cost rate, and to outline the methodology used to develop the new rate.

2. Background

- 2.1 The Domiciliary Care and Direct Payment service delivers care and support to people in their own homes.
- 2.2 A snapshot taken as of 3 February 2017, highlighted 12,606 planned hours of domiciliary care per week for 65+ and 8,265 direct payments planned hours per week for all age services.
- 2.3 The existing domiciliary care contracts were subject to a tender process which were awarded to 12 tier one providers in May 2016 and bids were based on a maximum hourly rate of between £13.72 - £13.92 per hour.
- 2.4 The existing contracts are on a framework agreement; this establishes terms and conditions covering each contract that may be awarded during the lifetime of the agreement. However, there is no guaranteed amount of work and providers are expected to undertake all work issued to them.
- 2.5 The statutory guidance issued under the Care Act 2014 states that local authorities must focus on outcomes when pursuing market shaping and commissioning. This is set out in the guidance. These include:
- Councils should have regard to guidance on minimum fee levels;
 - Councils must not undertake any actions which may threaten the sustainability of the market;
 - Councils should assure themselves and have evidence providers deliver services, through staff remunerated to retain an effective workforce.
- 2.6 Staffing represents an average of 60% of costs for Providers and is therefore influenced by factors such as the NLW and the ability of Providers to recruit and retain staff at the hourly rates offered.

3. Overview of the Wolverhampton Market

- Care Providers increasingly caring for people with complex and multiple needs.
- Recruitment in both the home care and care home sector is difficult for many providers.
- The care market in the City is changing at a pace that accelerates year on year.
- From 1 April 2017: hourly rate of the NLW for those of 25 years and over, will increase from £7.20 to £7.50, rising to £9.00 an hour by 2020.

- In the last 12 months, three contracted Domiciliary Care Providers have exited the market due to financial instability and changing their business model, with a potential fourth provider also in discussions with commissioning considering this option.

4. Methodology

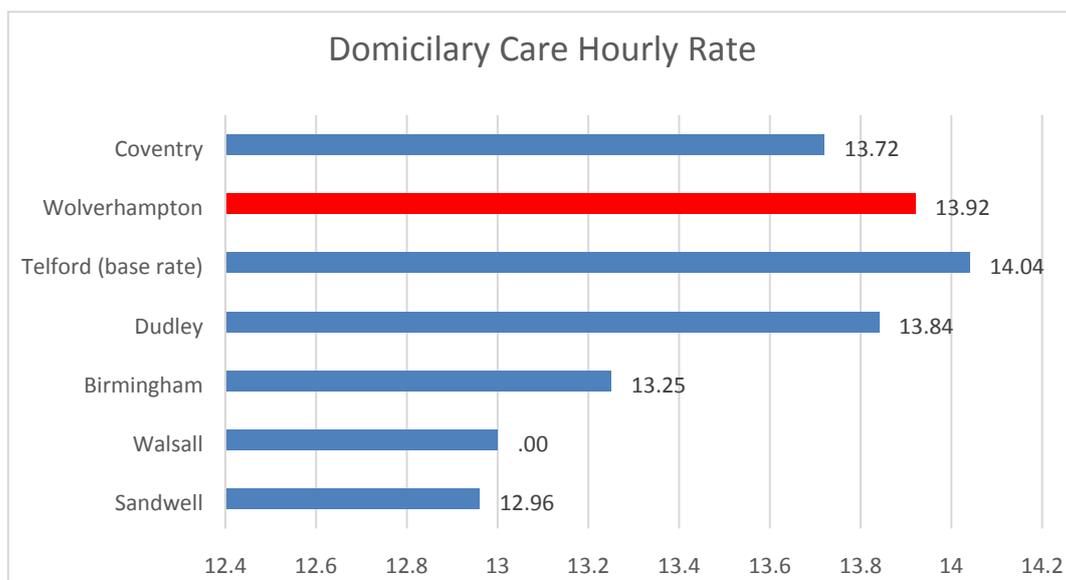
- 4.1 The legislative NLW is intended to recognise the dignity of work and the importance for individuals, families and society of people being able to earn a living.
- 4.2 The Council is required to provide appropriate domiciliary care to meet the statutory requirement and the needs of individual service users. The Council has developed a methodology that collects and collates the actual cost rates from the providers, which comprises the NLW.
- 4.3 The Council recognises that several potential cost pressures impact upon the Domiciliary Care market both locally and nationally, this has been mitigated by the current hourly rate in comparison to other local authorities in the region.
- 4.4 The increase in the cost rate based on a methodology considers both the increase in the NLW and the increase in RPI.
- 4.5 The proposal in relation to the NLW is that all providers who are paid the rates in appendix one will receive an increase equivalent to £0.30p per hour for each provider.
- 4.6 An increase linked to RPI of 1.6% will be applied to the non-staff costs (equating to 40%) for all domiciliary care rate.
- 4.7 The providers on the current framework are paid between £13.72 and £13.92 per hour. The majority of packages with Providers are at the lower rate of £13.72 and this results in an average hourly rate of £13.75. The RPI increase based on the average hourly rate is £0.09 per hour. Therefore, the proposed hourly rate is £14.14 (£13.75+£0.30+£0.09). This has been rounded down to £14.12 as the figure needs to be divisible by four to be entered on to the CareFirst system.
- 4.8 An increased cost rate will lead to the following benefits;
 - Enhanced quality of work; motivational force; higher productivity and profits;
 - Care workers paid for travel time;
 - For the Council, it means more money being spent by local employees in the local economy.
- 4.9 By increasing the hourly cost rate for providers, this will lessen and reduce the impact of cost pressures arising from factors including:
 - The NLW;
 - Recruitment of staff;
 - Paying for travel time;
 - Staff training.

- 4.10 Not providing an inflationary uplift at a time when the domiciliary care market must pay the NLW would only destabilise the market.
- 4.11 The existing domiciliary care contract asks Providers to ensure that “*the support provided should be of a reablement nature when appropriate and will be tailored to suit the individual’s needs*”. *The Service delivered under the contract should “promote reablement”*. By increasing the cost rate, Providers will work to reduce packages of care through reablement and will reduce ongoing care costs which underpins the key organisational value to ‘promote independence’ for older people, leading to longer term cost avoidance in the overall care management budget.

5. Regional Benchmarking

- 5.1 Benchmarking data has been reviewed against neighbouring authorities to support the process. The table below outlines the benchmarking data which indicates that Wolverhampton is paying above the average regional rate of £13.53 per hour.

Table 1:



6. Direct Payments

- 6.1 Direct Payments are cash payments made to individuals who have been assessed as being eligible for funded care and support in line with the Care Act (2014) eligibility criteria; they are intended to give individuals greater choice in their care as they enable individuals to choose not to receive services purchased by the City Council instead choosing to receive a payment in lieu of these to arrange their own support.
- 6.2 At present the Wolverhampton agency direct payment rate is £13.00 per hour and for the Personal Assistants is £10.10 per hour, which are in line with the current regional rates. The agency Direct Payment rate is higher as agencies are paid to administer the payroll for care workers, travel cost, national insurance, holiday and sick pay, and for a PA the

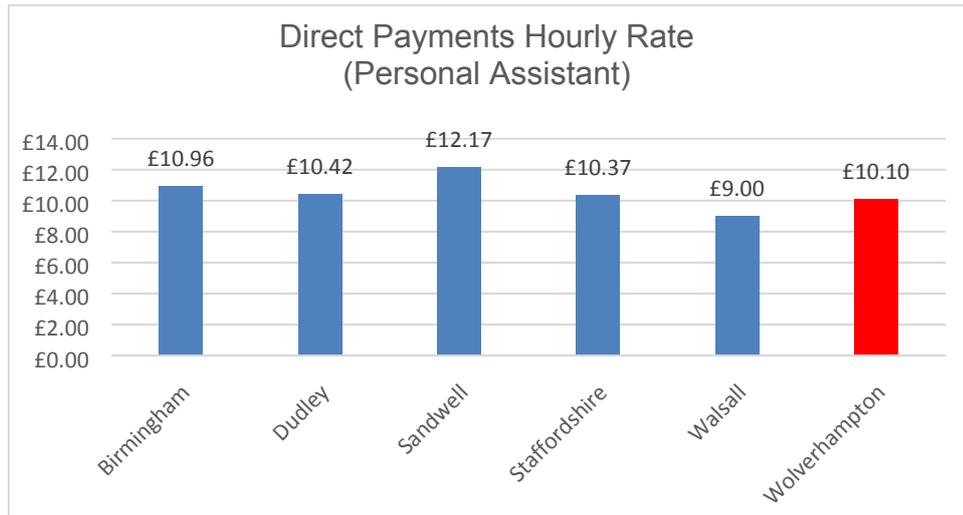
care worker is employed directly by the individual and does not incur any administration costs.

- 6.3 The commissioning intention for direct payments that are used to purchase domiciliary care from an approved agency, is to increase the payment by £0.30 for the National Living Wage (NLW) plus £0.09 which equates to 40% of the standard rate multiplied by 1.6% (RPI), based on market intelligence non-staff costs represent 40% of the total fee. For direct payments that are used for a personal assistant the intention is to increase the rate by £0.30 only to represent the increase in the NLW as it is deemed there are no overheads to take account of in this payment.
- 6.4 A benchmarking exercise was carried out to understand the Direct Payment Dom Care Rate for agencies and Personal Assistant rate.

Direct Payment - Dom Care Agency rate:

Regional Direct Payment - DOM Care Agency Rate	Hourly Rate
Birmingham	£10.96 per hour with some exceptions
Hereford	£14.76 per hour <i>Higher due to rural location</i>
Sandwell	£13.96 per hour
Staffordshire	£14.42 per hour
City of Wolverhampton	£13.00 per hour

Direct Payment Personal Assistant (PA) rate:



7. Proposal:

7.1 The table below shows the current proposal:

	Current Hourly Rate 2016-17 £	Proposed Hourly Rate 2017-18 £	Proposed Increase 2017-18 £
Proposal – Increase all active domiciliary care providers to £14.12 per hour from the current average rate of £13.75	13.72-13.92	14.12	0.20-0.40

7.2 The current proposal is to increase the Direct Payments DOM and Personal Assistant rates:

	Current Hourly Rate 2016-17 £	Proposed Hourly Rate 2017-18 £	Proposed Increase 2017-18 £
Direct Payment DOM	13.00	13.38	0.38
Direct Payments - PA	10.10	10.40	0.30

7.3 It is proposed that Home-based Carer Respite Service cost rate is standardised at £13.00 per hour for all Providers, (see appendix one). The Homebased Carer Respite Service is

a holistic model of respite care that improves the quality of life for family/informal carers by enabling them to have a short break from their caring role with the opportunity to spend the time as they wish. The respite Service provides care for a limited duration designed to provide a break for an individual and their family/carers from their caring responsibilities. This Service is provided as part of the Domiciliary Care framework.

8. Financial Implications

8.1 Domiciliary Care.

The proposal represents an estimated increase in costs of £243,000 per annum based on a rate increase to £14.12 for all domiciliary care providers and £13.00 per hour for all carers support (Home Based Carer Respite).

8.2 Direct Payments.

Domiciliary care and direct payments costs are funded from care purchasing which has a net controllable budget of £39.8 million in 2016 -17

8.3 The proposal represents an estimated increase in costs of £152,000 per annum.

8.4 The 2017-18 budget includes growth of £1.1 million. This growth is to support the increase cost associated with the NLW across all care support plans. The total estimated increase in costs on domiciliary care and direct payments is £395,000. In addition, there is an estimated increase in residential care costs of £746,000 which is subject to a separate report. This represents a total increase in costs of £1.1 million.
[AJ/16032017/B]

9. Legal Implications

9.1 The increase would meet that providers are supported to meet their legal obligations to pay the increase in the National Living Wage from 3rd April 2017. The Care Act 2014 requires local authorities to support a sustainable local market. The implementation of a cost rate increase supports local providers to meet the requirements of the National Living Wage and cost of living increases falls within the remit of the Care Act 2014.
[AS/13032017/M]

10. Equalities Implications

10.1 There are no equalities implications arising from this report.

11. Environmental Implications

11.1 There are no environmental implications from this proposal.

12. Human resources Implications

12.1 There are no human resources implications from this proposal.

13. Corporate landlord Implications

13.1 There are no corporate landlord implications for the Council's property portfolio.

14. Schedule of background papers

Appendix One

Active Domiciliary Care Providers
GP Homecare t/a Radis Community Care
Sevacare (UK)
Mears Care Ltd
C&S Care Services Ltd
London Care t/a Custom Care
Housing & Care 21
The Human Support Group Ltd t/a Home Care Support
Agincare Group Ltd
Homecare 4U Ltd
Diamond Homecare
Williams CM Ltd t/a Caremark
Castlerock Recruitment Group Ltd
Trident Reach the People
Heantun Housing
Vicarage Home Care
Clarriots Care/Serenity Always

Prospect Tree
Nationwide Care Services
Tailored Care
CM Community Care Services
Caring Care Ltd

Inactive Domiciliary Care Providers
Homebased Care UK
Hales group
Destiny Recruitment Agency
Empowering U Care
Monarch Care Services
Just Call 4 Care (under Provider First Consultancy Services)
Woodford Home Active
Nash Healthcare Ltd
Mach Care Solutions

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