

CITY OF WOLVERHAMPTON COUNCIL	Cabinet (Resources) Panel 17 March 2021
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Report title	Care and Support Provider Fee Review 2021-2022	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Linda Leach Adults	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All Wards	
Accountable Director	Emma Bennett, Director for Children's and Adult Services	
Originating service	Commissioning	
Accountable employee	Alicia Wood	Lead Commissioner
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Report to be/has been considered by	Adults Leadership Team	25 February 2021
	Adults and Safer City Scrutiny Panel	8 March 2021

Recommendations for decision:

The Cabinet (Resources) Panel is recommended to:

1. Approve the proposed increase in fee levels for 2021-2022 as recommended in the report to meet the additional costs (employee and employer) resulting from the increases to the National Living Wage (NLW) and where applicable increases to sustain the care market.

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Type of provision	Recommendation	% Increase	Current £	Proposed £
Home Care	Increase fee levels to meet the additional costs (employee and employer) resulting from the increases to the National Living Wage. *	1.8	15.56 (hourly rate)	15.84 (hourly rate)
Home Care – reablement / homefirst and rapid response	These rates are set at 10% above the home care rate.	1.9	17.12 (hourly rate)	17.44 (hourly rate)
Home Based Respite	Home base respite is aligned to the supported living rate. *	1.9	14.84 (hourly rate)	15.12 (hourly rate)
Direct Payments Agency Rate	Direct payment agency rate is aligned to the supported living	1.9	14.84 (hourly rate)	15.12 (hourly rate)
Direct Payments for Personal Assistants	No increase	0	10.76 (hourly rate)	10.76 (hourly rate)
Residential and Nursing Care for Older People	Increase agreements with a current rate of less than £468.65 to £468.65 to meet NLW increases, on costs and to maintain market sufficiency (any above this amount will receive a payment to meet NLW increase with on costs).	3	455.00 (weekly rate)	468.65 (weekly rate)

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Residential and Nursing care for Older People with dementia support needs	Increase agreements with a current rate of less than £503.86 to £503.86 to meet NLW increases, on costs and to maintain market sufficiency (any above this amount will receive a payment to meet NLW increase with on costs).	3	489.16 (weekly rate)	503.86 (weekly rate)
Extra Care	Increase each contract to reflect NLW, on costs and to ensure market sufficiency	3	N/A part of block contract	Increase to all contracts
Supported Living	Increase fee levels to meet the additional costs (employee and employer cost) resulting from the increases to the National Living Wage. *	1.9	14.84 (hourly rate)	15.12 (hourly rate)
Nursing and Residential for people under 65 years old	Increase fees of placements to meet NLW increases	2	N/A no locally agreed rate in place	Increase to all contract totals
Community Activities for Older People	Increase based on supporting market sufficiency	10	25.36 sessional rate	27.90 sessional rate
Community Opportunities for Adults with Complex Needs	Ensure that the rate is consistent with the supported living rate and proportionate to 1:1 1:2 1:3 staffing ratios	1.9	14.84 per hour for 1:1 staffing 7.42 per hour for 1:2 staffing 4.94 per hour for	15.12 per hour for 1:1 staffing 7.56 per hour for 1:2 staffing 5.04 per hour for 1:3 staffing

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			1:3 staffing	
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* except where the provider tendered below the current rate, in this case it will be uplifted proportionately. To note due to current IT payment systems – rates for care homes need to be divisible by 7 and for hourly rates by 4.

2. Approve that any increase in fees are in effect from 5 April 2021. (This date is aligned to charging processes and the capability of the payment system).

Recommendations for noting:

The Cabinet (Resources) Panel is asked to note:

1. That engagement has been undertaken with current care and support providers as part of the fee review to listen to feedback, however due to current financial restraints the recommendations are not solely based on provider requests.
2. That the impact of the COVID-19 pandemic has changed the usual demand and take up of care services. The long-term impact of COVID-19 cannot be predicted, and the Adults Commissioning Team will continuously review sufficiency within the market.
3. The Adults Commissioning Team continuously works with providers in developing the social care market to ensure a shared approach between the council and social care providers to meet resident's needs.
4. The Adults and Safer City Scrutiny Panel endorsed the proposed recommendations in its 8 March 2021 meeting.

1.0 Purpose

- 1.1 The purpose of this report is to set out the proposed increase for the following care and support service areas and direct payment cost rates, and to outline the methodology used to develop the new rates.

2.0 Background

- 2.1 Section 5 of the Care Act establishes a duty on local authorities and Directors of Social Services to ensure a sustainable market of care in their areas. This covers all care sectors and providers of care.

3.0 Overview of the Wolverhampton Market

- 3.1 The Care Act 2014 includes duties for Local Authorities to facilitate and shape a diverse, sustainable and quality market. This has implications for everyone involved, people with care and support needs, carers, providers and commissioners. The Act gives the local authority powers and duties in the case of provider failure to ensure that continuity of care is maintained for people that use care and support services.
- 3.2 The City of Wolverhampton Council is committed to supporting people to be independent for as long as possible and is working with the market to develop a range of services to support this. This has implications for existing service models and service providers as traditionally there was a higher demand for residential provision which is decreasing as home-based care and supported living increases.
- 3.3 The external care market in Wolverhampton has met the demand of care needs during 2020-2021. The impact of the COVID-19 pandemic has been mitigated. A range of support has been offered to care providers including:
- Grant funding
 - Access to personal protective equipment (PPE)
 - Advice and guidance from Wolverhampton Public Health, Public Health England, Wolverhampton Clinical Commissioning Group Quality Nurse team and Wolverhampton Council's Quality Assurance and Compliance and Adults Commissioning team
 - Additional community services put in place provided through the NHS including an increased team to support infection prevention control (IPC), an enhanced primary care network (GP support) and a virtual ward approach for people who have left hospital. These complement the community support already in place through the existing district nursing team and the rapid intervention team.
 - A daily provider survey was implemented to inform all partners of any provider issues to be trigger additional support
 - Additional out of hours support at the peak of the outbreak
 - A process of outbreak management and support from all partners implemented
 - Support to gain COVID-19 testing for staff and residents
 - Support to gain COVID-19 vaccinations for staff and residents

- Regular communication via updates and information to providers either through a weekly bulletin, provider drop in's or targeted meetings
- 3.4 The COVID-19 pandemic has not yet ended. Although the government is optimistic in outlining how the UK will come out of the pandemic and any restrictive measures, this will be implemented over a period of time. The impact of the COVID-19 pandemic is that the usual expected demand and take up of care services has changed, with some providers having more demand and others less. This will also impact on the future demand during 2021-2022. The short-term impact of COVID-19 to care providers is different to each care type and the long-term impact is unknown.
- 3.5 National intelligence and local provider forums confirm that one of main challenges the market is experiencing is the recruitment and retention of staff into the care sector (especially during COVID-19). There are several reasons for this, one of which is pay rates for care staff at, or just above National Living Wage (NLW).
- 3.6 From April 2021 the hourly rate of the NLW for those of 23 years and over, increases from £8.72 to £8.91 The Council has reviewed the fees, considering the NLW and seeking opportunities to secure future stability of the care and support market.

4.0 Care and Support Provider Engagement

- 4.1 Providers have been engaged through virtual provider forums to give them the opportunity to provide feedback about the approach.
- 4.2 City of Wolverhampton Council has also received feedback from providers in the form of requests for fee review in 2021-2022.

Key themes arising include:

- Increase in National Living Wage from £8.72 to £8.91 per hour.
- Shortage of care workers/impact of COVID-19 to staffing recruitment and retention
- Increases due to Consumer Price Index inflation of .09%
- Increases due to pension enrolment of 0.05%
- Increases to insurance costs
- Impact of COVID-19 to occupancy levels or cancelled packages

5.0 Methodology

- 5.1 The City of Wolverhampton Council is required to provide appropriate care and support services to meet the statutory requirement and the needs of its residents, this includes ensuring sufficiency within the local external care provision. To determine the recommended fees for 2021 to 2022, the following areas have been considered:

- Provider feedback
- Increases to the NLW from April 2021

- Benchmarking data against neighbouring and CIPFA (the Chartered Institute of Public Finance and Accountancy) nearest neighbour comparator authorities (Appendix 1).
- The demand and use of care services during 2020 (Appendix 2)
- The potential impact of the COVID-19 pandemic on sufficiency with externally commissioned care provision.
- The review does not factor in short term costs associated with COVID-19 as these have been met by the IPC grant and provision of PPE

5.2 The review has been concluded and the recommendations are set out for each type of social care service areas.

6.0 Home Care

6.1 Home Care (also known as domiciliary care) delivers care and support to people in their own homes and is regulated by the Care, Quality Commission (CQC).

6.2 External provision of home care, which includes home based respite and rapid response home care (currently known as home first and is home care to prevent delays to discharge from hospital), is provided in Wolverhampton through the Home Care Framework agreement which was mobilised in 2020. Home care is a market area of growth. During 2020 there has been an increase in the number of hours of home care delivered in Wolverhampton which supports the national and local strategic visions for people to live as independently as possible in their own home.

6.3 The Home Care framework has ensured home care needs are met including rapid response (fast discharge) and reablement (Home First) support and home-based respite. There have been two home care providers exit from the Wolverhampton market in 2020–2021. Other providers within the framework took on the packages of care. A new monitoring and performance dashboard confirms the hours planned and delivered and the capacity within the market.

6.4 In response to COVID-19, home care providers have continuously met care needs, which included managing challenges due recruitment and retention of care staff, implementing required IPC measures and introduce testing for staff.

6.5 The current home care rates are comparable when benchmarked against other local authorities and providers entered the framework based on the rate offered. The fee review has considered additional costs that providers will incur during 2021-2022.

7.0 Direct Payments

7.1 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

Wolverhampton Council instead choosing to receive a payment in lieu of these to arrange their own support.

- 7.2 At present the Wolverhampton agency direct payment rate is aligned to the current supported living rates (£14.84) and for the Personal Assistants (PA) is £10.76 per hour, (these are in line with the current regional rates). The agency direct payment rate is higher as agencies have additional on costs compared to the costs when a PA is employed directly by the individual.
- 7.3 It is our intension to consult to review the PA rate during 2021 - 2022 to introduce an approach that ensures all PA's are paid at the NLW and then on an individual case by case basis determining any additional costs for the PA to be employed by the client. This means the rate paid will vary. In view of the intended review, the PA rate will not be uplifted for 2021-2022 as the current rate enable a PA to be paid NLW.
- 7.4 The fee review recommendation for Direct Payment agency rates will be based on the recommendation made for the supported living rate.

8.0 Older Peoples Residential and Nursing placements

- 8.1 Residential Care services deliver personal care and accommodation to people within a CQC registered setting. People in nursing care placements have the need for care and support in a CQC registered care home but in addition have a primary health care need, that requires the intervention or oversight of a registered nurse to support the safe delivery of their care plan. Nursing care placements attract a financial contribution from NHS England to pay for the nursing element of the care provided. This is paid directly from Wolverhampton Clinical Commissioning Group (CCG) and is known as Funded Nursing Care (FNC) payment. The FNC for 2020-2021 is £183.92 The FNC settlement for 2021- 2022 has not been published.
- 8.2 The impact of COVID-19 to care homes has been significant. Care homes have responded to ensure they have appropriate IPC measures in place and have managed their staff resources which have been impacted by; staff sickness/shielding and/or isolation, increased requirement to test staff and residents and increased demand in the level of care needs for residents in the homes.
- 8.3 Care homes have implemented testing and vaccination of staff and residents and facilitated (within current guidance) visitors to residents from family members.
- 8.4 The City of Wolverhampton Council has monitored the occupancy and vacancy levels in care homes the vacancy levels are approximately 15%. Homes have vacancies due to:
- People not wanting to move into care homes from the local community during COVID-19
 - Deaths of residents during 2020

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- Closure to new referrals when a home has an outbreak of COVID-19 (2 or more staff and/or residents testing positive for the virus)
- Unable to accept referrals for people who have tested positive for COVID-19
- Not accepting referrals for people who have tested negative for COVID-19 and are being discharged from hospital
- Not accepting referrals for people who have tested negative for COVID-19 and have been in contact with someone who has tested positive.

8.5 Placements to care homes in Wolverhampton are on a spot purchase basis. There is a current locally agreed rate of £455. for residential and nursing placements and £489.16 for residential and nursing placements for people with dementia. If a placement cannot be sourced to meet care needs at the cost of the locally agreed rate, the Personalised Support Team (PST) broker the next suitable placement. During 2020, the costs of placements has varied, as due to COVID-19 many homes were closed to new referrals. However, during this time PST has been able to still agree most placements at the locally agreed rate

8.6 Vacancy levels are confirmed each day to ensure availability to support discharges from hospital with many homes reporting higher than usual vacancies.

8.7 There is a risk that some homes may not continue to be financially viable, if they cannot increase the occupancy. Whilst the council has a duty to ensure care needs are met, this should not include subsidising an external provider to cover the cost of underoccupancy. To date the IPC grant has mitigated these costs. The Adults Commissioning Team are reviewing care homes in Wolverhampton to identify ones that may be at future risk and to further understand how they can be supported and be aware of the potential for some providers withdrawing from the Wolverhampton market.

8.8 The current locally agreed rate is at the lower end of the rates when benchmarked against other local authorities. The fee review recommendation takes into account the current situation.

9.0 Extra Care

9.1 Extra care housing is a nationally recognised model of extending the range of housing options available to older people with care and support needs and is commissioned by local authorities across the country.

9.2 Currently, the City of Wolverhampton Council has eight contracts in place with four extra care service providers for the provision of 267 funded places. all have a contract that runs until 2023. The services are provided on a 'block' basis, which means that each provider is funded to provide care and support to a specified number of people with eligible care needs at any one time. The number of funded places in Wolverhampton is in line with that commissioned by peer local authorities.

- 9.3 Extra care contracts are paid as a block amount and do not provide a detailed breakdown of the financial costs to provide extra care provision. There will be a review of the current model of extra care services to inform our future commissioning intentions including recommissioning of the existing extra care provision.
- 9.4 During COVID-19 extra care providers have met care needs.
- 9.5 The fee review recommendation will be based on ensuring sufficiency for the remaining year of the contracts based on discussion with providers, during which time the extra care provision will be reviewed, and contracts retendered.

10.0 Supported Living

- 10.1 The Supported Living Accreditation framework delivers care and support to people with disabilities. These services support people to become as independent as possible and have a focus on reablement and enablement. These services provide 24/7 care where required for people who live in supported living schemes.
- 10.2 During COVID-19 supported living providers have met care needs.
- 10.3 There is also a forensic and complex needs supported living framework which has accredited providers to meet the needs of younger adults with forensic and complex needs. This framework is in the process of being retendered and rates will be negotiated as part of the tender process.
- 10.4 Waking nights and sleeping nights provide nighttime support. Waking night for supported living is based on the supported living rate and sleeping night are at a set rate which will remain unchanged as the current rate covers the costs to pay a sleep-in shift. (There is ongoing appeal through the judicial system to make it law to pay this at the NLW and the outcome of the appeal has not been published).
- 10.4 The current supported living rates are comparable when benchmarked against other local authorities and providers entered the framework based on the rate offered. The fee review will consider additional costs that providers will incur during 2021-2022.

11.0 Residential Provision for People Under 65 Years with Complex Needs

- 11.1 The provision of residential and nursing care for people under the age of 65 years is not funded at a set rate with providers. People accessing this provision have complex needs with disabilities and each package is based on the social care assessed needs and negotiated with the provider.
- 11.2 During COVID-19 care needs have been met.
- 11.3 A 1.7% inflationary increase was awarded to this provision for 2020–2021. In the previous seven years this type of provision has not been subject to a set fee review

or received any increases. This is because each placement cost is agreed based on the individuals identifiable need. Nationally there is limited data to enable comparative benchmarking against locally agreed rates due to the variance in placement costs. City of Wolverhampton Council has determined that during this time the fees paid enable the provider to meet the NLW requirements.

11.4 The fee review recommendation will be based on maintaining sufficiency for this type of provision.

12.0 Community Activities for Older People

12.1 The current framework Community Activities for Older People was tendered for in 2016. The framework supports vulnerable adults who are at risk of isolation as well as supports carers of vulnerable adults to have a planned break from caring roles and allow them to partake in normal acts of daily living.

12.2 Due to COVID-19 many older people community activities were suspended, as they take place in communal lounges of extra care schemes and these are not available for use at present. To mitigate this the Council has funded commissioned planned sessions as opposed to delivered. The Adult Commissioning team are working with these providers to safely reintroduce services.

12.3 A new model for community activities support for older adults will be tendered for and operational by December 2021. The new model will be aimed at supporting adults to access their personal budgets whilst supporting those adults with the highest level of need to have access to good quality provision.

12.4 There is a risk to the future viability of some providers if people choose not to return to access such services.

12.5 Bench marking and engagement with regional colleagues shows that a wide variety of models and rates operate which are not comparable to the Wolverhampton model (most other local authorities have moved away from using framework providers to commission funded placements). The preferred model is to support people to access their personal budgets to take part in community activities. Specialist services tend to be commissioned for older people who have complex health (including dementia needs) and this will be considered in the review.

12.6 The fee review recommendation considers the current cost to providers and impact of COVID-19 to this provision and seeks to sustain market during the review.

13.0 Community Opportunities for Adults with Complex Needs

13.1 The framework for Community Opportunities for Adults with Complex Needs (for those with either a learning disability or physical disabilities) was awarded on 4 May 2019 for four years.

13.2 To mitigate the impact of COVID-19, the Council has funded commissioned planned sessions as opposed to delivered. The majority of people are still able to access the services safely with these being delivered creatively or/in a virtual setting. The Adult Commissioning team are working with these providers to safely reintroduce these services fully.

13.3 The rates for community opportunities for adults with complex needs are aligned to the current supported living rate and funded proportionately according to staffing ratio.

13.4 The fee review will be based on the recommendation for the supported living rate.

14.0 Recommendations:

14.1 The following table confirms the recommended fee for 2021 -2022 for each care provider sector.

Type of provision	Recommendation	Current £	Proposed £	Impact to budget £
Home Care	Increase fee levels to meet the additional costs (employee and employer) resulting from the increases to the National Living Wage. *	15.56 (hourly rate)	15.84 (hourly rate)	299
Home Care – reablement / homefirst and rapid response	These rates are set at 10% above the home care rate.	17.12 (hourly rate)	17.44 (hourly rate)	8
Home Based Respite	Home base respite is aligned to the supported living rate. *	14.84 (hourly rate)	15.12 (hourly rate)	8
Direct Payments Agency Rate	Direct payment agency rate is aligned to the supported living	14.84 (hourly rate)	15.12 (hourly rate)	22
Direct Payments for Personal Assistants	No increase	10.76 (hourly rate)	10.76 (hourly rate)	0

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Residential and Nursing Care for Older People	Increase agreements with a current rate of less than £468.65 to £468.65 to meet NLW increases, on costs and to maintain market sufficiency (any above this amount will receive a payment to meet NLW increase with on costs).	455.00 (weekly rate)	468.65 (weekly rate)	128
Residential and Nursing care for Older People with dementia support needs	Increase agreements with a current rate of less than £503.86 to £503.86 to meet NLW increases, on costs and to maintain market sufficiency (any above this amount will receive a payment to meet NLW increase with on costs).	489.16 (weekly rate)	503.86 (weekly rate)	324
Extra Care	Increase each contract to reflect NLW, on costs and to ensure market sufficiency	N/A part of block contract	3% Increase to all contracts	79
Supported Living	Increase fee levels to meet the additional costs (employee and employer cost) resulting from the increases to the National Living Wage. *	14.84 (hourly rate)	15.12 (hourly rate)	289
Nursing and Residential for people under 65 years old	Increase fees of placements to meet NLW increases	N/A no locally agreed rate in place	2% Increase to all contract totals	183
Community Activities for Older People	Increase based on supporting market sufficiency	25.36 sessional rate	27.90 sessional rate	20
Community Opportunities for Adults with Complex Needs	Ensure that the rate is consistent with the supported living rate and proportionate to 1:1 1:2 1:3 staffing ratios	14.84 per hour for 1:1 staffing 7.42 per hour for 1:2 staffing	15.12 per hour for 1:1 staffing 7.56 per hour for 1:2 staffing	9

		4.94 per hour for 1:3 staffing	5.04 per hour for 1:3 staffing	
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15.0 Reason for decision:

15.1 The proposed recommendations are based on ensuring the Council meets its statutory duties in relation to Section 5 of the Care Act to ensure a sustainable market of care in Wolverhampton, which has including considering benchmarking information, provider feedback and local market trends and available budget to determine the final recommendation.

16.0 Financial Implications

16.1 The costs identified above are funded from Adults Services care purchasing which has a net controllable budget of £71.8 million in 2021-2022.

16.2 The recommendations being considered in this report represent a total estimated cost increase in of the region of £1.4 million.

16.3 The Council's 2021-2022 Final Budget and Medium Term Financial Strategy (MTFS) for 2021-2022 to 2023-2024 which was presented to Full Council on 3 March 2021 includes growth for Adult Services to support the fee uplift of totalling £1.5 million for 2021-2022
[MK/04032021/V].

17.0 Legal Implications

17.1 The increase would mean that care providers are supported to meet their legal obligations to pay the increase in the National Living Wage and pension contribution from 5 April 2021. 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. The Care Act 2014 has reiterated and strengthened this expectation with explicit requirements to maintain market sustainability and responsibilities for dealing with provide failure for both assisted and self-funding people.
[TS/02032021/T]

18.0 Equalities Implications

18.1 There are no equalities implications arising from this report.

19.0 All other Implications

19.1 A values-driven, quality workforce will enhance the experience of people requiring formal support through paid assistance and enhance health and wellbeing.

20.0 Schedule of background papers

20.1 None.

24.0 Appendices

24.1 Appendix 1: Benchmarking of Wolverhampton care provision costs for 2020-2021 comparing neighbouring local authorities and CIPFA (the Chartered Institute of Public Finance and Accountancy) comparators.

24.2 Appendix 2: Placement numbers and/or hours delivered or planned for each care sector in Wolverhampton