



Wolverhampton Adult Social Care
Fee Review Options 2023/24

Fulfilled Adult Lives Scrutiny

8th February 2023

Purpose

Decision Required:

Approve the recommended option for the 2023/24 fee uplift for external care providers:

- National Living Wage (NLW) increase of 9.7%
- Consumer Price Index (CPI) at 10.5%
- NLW & CPI composite rate of 9.9%
- Additional uplift using the 2023/24 Market Sustainability Grant Funding on a 70:30 ratio (70% towards residential and nursing, 30% for community based services)

Fulfilled Adult Lives Scrutiny is asked to consider:

- The cost drivers affecting the Adult Social Care market in Wolverhampton
- Provider engagement and feedback
- The current market risks for sufficiency and sustainability
- The cost impact and that new rates will create an ongoing expectation in the external market

Background and Context

Care fees must balance the Council's legal duties:

- Legal duty under section 5 of the Care Act 2014 to promote the effective and efficient operation of Adult Social Care markets.
- Legal duty of setting a balanced budget

“Fair Cost of Care” (Charging Reforms)

- Purpose was to engage the local market to arrive at a shared understanding of actual care costs
- CWC completed its FCoC exercise between May 2022 to August 2022
- Concerns on the outcome – relatively low response rates and potential issues regarding data completeness and quality
- Charging reforms delayed for at least two years to October 2025, however:
 - DHSC has mandated publication of the FCoC, due to be published on 1st February 2023
 - Publication is linked to grant funding conditions (not finalised at this time)
 - FCoC rates will go into the public domain and DHSC timing has not been aligned to fee review – provider expectations must be managed
 - Market Sustainability Plan (MSP) also needs to be published and is expected to be a grant funding condition – this will need to explain the use of funding for 2023/24
- The FCoC has been modelled as an option but discounted based on affordability

Cost Drivers & Provider Feedback

National Cost Drivers:

- From April 2023, the National Living Wage (NLW) for people aged 23 and over will increase from £9.50 per hour to £10.42 per hour – 9.7% increase
- Consumer Price Index (CPI) increased 10.5% in the last 12 months
- Officer for Budgetary Responsibility (OBR) expects inflation has peaked and is predicated to fall to 3.8% by the end of 2023
- Fee review factors inflation at 10.5% to price in cost pressures since the price review in 2022/23

Provider Feedback

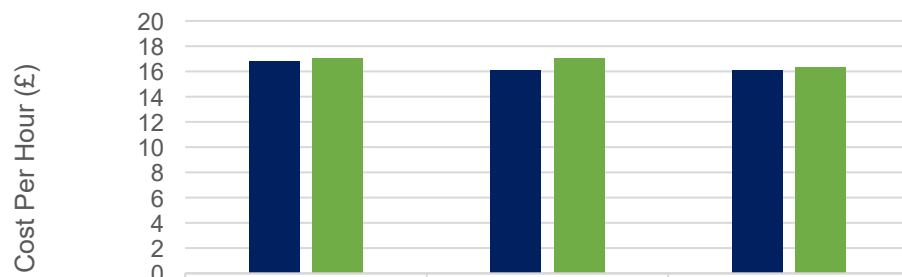
- NLW and CPI
- Increase to employers NI and pension contributions
- Insurance and utility costs are above CPI
- Cost of living
- Current subsidised costs – rates relief, PPE, DBS checks etc.
- Recruitment and Retention

Benchmarking Data 2022/23 & Regional Intentions

West Midlands ADASS – Regional Intentions:

- Generally in the 8-10% range for uplifts, three outliers suggesting up to 4%
- Wide range of potential savings needed – up to 8-9% of net budgets

2022/23 Benchmarking Data - Community Based Services

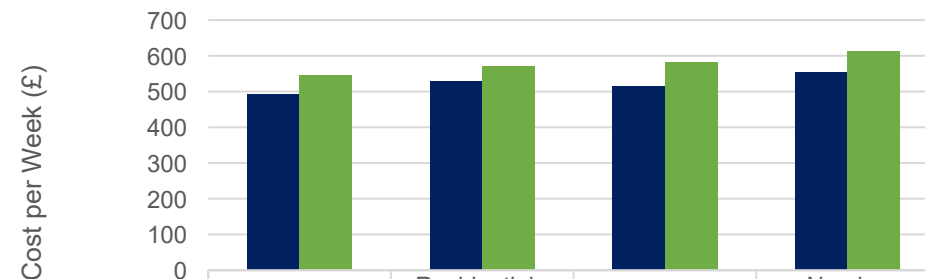


	Home Care (incl DP)	Direct Payments	Supported Living
■ CWC 2022/23 Rate	16.84	16.08	16.08
■ Median Comparator Rate 2022/23	17.06	17.06	16.32

Residential and Nursing rates in Wolverhampton are more notably lower than comparator median rates in comparison to community based services. Local rates are typically 8-13% lower.

Home based services in Wolverhampton are lower, but comparable, with median comparator rates for 2022/23. Rates are typically within 1% of the median.

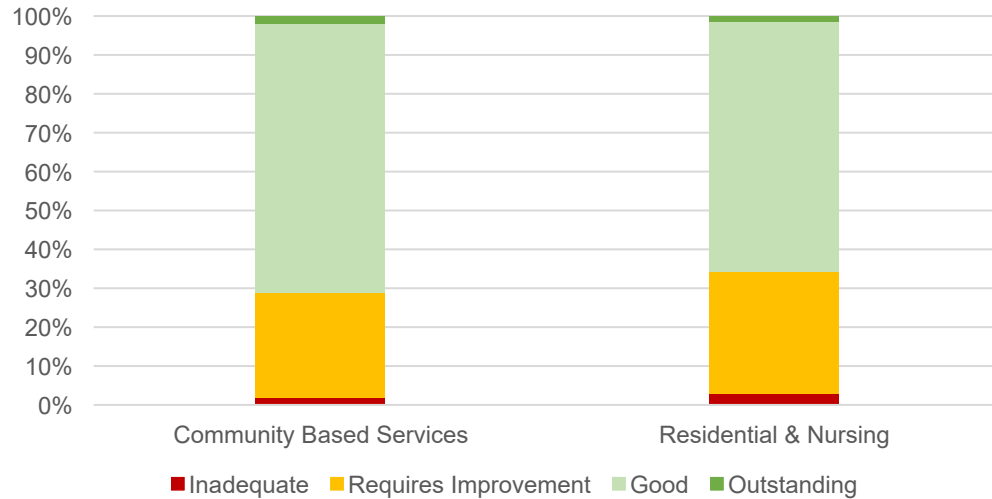
2022/23 Benchmarking Data - Residential & Nursing



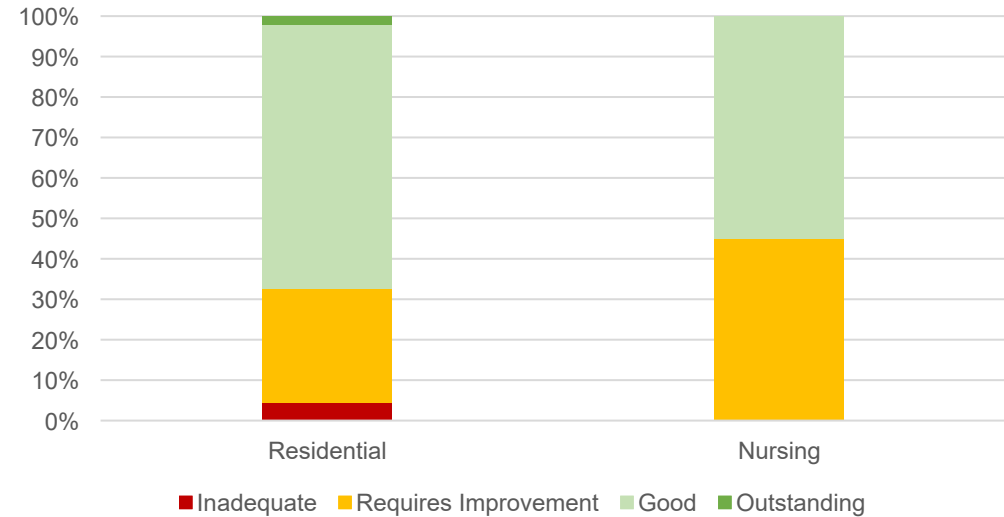
	Residential	Residential - Dementia	Nursing	Nursing Dementia
■ CWC 2022/23 Rate	492.1	529.06	515.55	554.26
■ Median Comparator Rate 2022/23	546	570	583	612

CQC Quality Ratings – January 2023

CQC Ratings - All Registered Providers



CQC Ratings - Residential & Nursing Providers



- Data Source: CQC January 2023 Quality Ratings
- Total market view (top left) suggests quality ratings are similar between community based services and residential/nursing
- Drilling further into residential/nursing suggests quality is of particular concern for nursing providers

Performance Data – December 2022

Service Type Numbers (Snapshot at the end of the Month)	December	12 Month Comparison (December 2021)	Pre Covid Comparison (March 2020)	Previous Month Comparison (November 2022)	Last 3 years of data
All People with an Active Service Agreement (Snapshot end of Month)	4040	→ 5%	→ 2%	→ 0%	
Short Term Services (not including Reablement)	563	→ 2%	↑ 32%	→ -2%	
Reablement	374	↑ 10%		↑ 8%	
Long Term Services	3534	→ 5%	→ -3%	→ 0%	
Long Term - Home Care (not including reablement Home Care or Carers Respite)	1258	↑ 10%	→ 3%	→ -1%	
<i>Reablement Home Care (incl in the overall reablement number)</i>	307	↑ 10%	↑ 75%	↑ 6%	
Residential Permanent	618	→ 2%	↓ -10%	→ 0%	
Direct Payment	532	→ 4%	↑ 12%	→ 0%	
Nursing Permanent	349	↑ 7%	↓ -8%	→ 1%	
Supported Living	332	↑ 6%	↑ 17%	→ 0%	
Sheltered Housing	218	↓ -6%	↓ -17%	→ -1%	
Day Care	194	→ 1%	↓ -40%	→ -1%	
Carer Services - Home Care	77	↓ -17%	↓ -34%	→ -4%	
Professional Support	57	↓ -25%	↓ -53%	→ -2%	
Residential Short Stay	111	↑ 17%	↑ 7%	↓ -9%	
Health Funded Care	385	↑ 11%	↑ 31%	→ 1%	
Carer Services - Direct Payment	30	↓ -19%	↓ -42%	↓ -6%	
Nursing Short Stay	46	↑ 15%	↑ 48%	→ 2%	
Shared Lives	25	→ -4%	↑ 39%	→ 0%	
Residential Respite	51	↓ -12%	↓ -26%	↓ -6%	
Nursing Respite	1	→ 0%	→ 0%	↓ -67%	
Individual Service Fund	101	→ 3%	↑ 17%	→ -3%	
ISF Extra Care (included in Sheltered Housing Total)	132				
Total	233				

Options Considered

Option No.	Description
1	Baseline position applied to all options: <ul style="list-style-type: none"> NLW increase from £9.50 to £10.42 per hour CPI at 10.5% Composite rate of 9.9% increase, based on a 70:30 ratio (70% payroll costs, 30% non-payroll costs)
2	Option 1 plus : <ul style="list-style-type: none"> £3m Market Sustainability Grant allocated across all services equally
3	Option 1 plus: <ul style="list-style-type: none"> £3m Market Sustainability Grant targeted on a 70:30 ratio. 70% towards residential and nursing (key risk area and benchmarking gap) and 30% to community based services
4	Option 1 plus: <ul style="list-style-type: none"> Uplift to benchmark against neighbouring/comparator authorities

Options – Overview of Benefits

	Option	Benefits	Disbenefits
1	NLW + CPI	<ul style="list-style-type: none"> Meets minimum cost impacts in 2023/24 Recognises all providers face same / similar challenges Lowest cost impact 	<ul style="list-style-type: none"> Doesn't target based on risk & doesn't align to MSP Doesn't account for benchmarking and potential underfunded areas
2	NLW + CPI + even allocation of MSP grant	<ul style="list-style-type: none"> Exceeds minimum cost impacts in 2023/24 Demonstrates CWC has passed all grant funding over to provider market but not targeted Recognises all providers face same / similar challenges 	<ul style="list-style-type: none"> More expensive than simply meeting base cost pressures (option 1) Doesn't target based on risk & doesn't align to draft MSP Doesn't account for benchmarking and potential underfunded areas
3	NLW + CPI + targeted allocation of MSP grant on a 70:30 ratio (70% res/nurs, 30% community services)	<ul style="list-style-type: none"> Exceeds minimum cost impacts in 2023/24 Demonstrates CWC has passed all grant funding over to provider market in a targeted way Aligns to market risk and previously stated intentions included in the draft MSP (charging reforms) Demonstrates progress towards benchmark comparisons 	<ul style="list-style-type: none"> More expensive than simply meeting base cost pressures (option 1) Perception of incentivising bed based services which is not aligned to strategic vision but does stabilise in the short term, although offset to some degree as 30% of funding will be used to uplift community based services
4	NLW + CPI + uplift to comparators	<ul style="list-style-type: none"> Exceeds minimum cost impacts in 2023/24 Uplifts rates to local/similar authorities – better alignment in terms of market competition 	<ul style="list-style-type: none"> More expensive than simply meeting base cost pressures (option 1) Benchmarking data may not be totally accurate or reflect real market conditions Doesn't target based solely on risk & doesn't align to draft MSP

Options - Cost Impact Summary

	Gross Cost Impact £000s			
Service Type	Option 1 NLW + CPI	Option 2 NLW + CPI + MSP grant evenly allocated	Option 3 NLW + CPI + MSP grant targeted on 70:30 basis	Option 4 NLW + CPI + uplift to benchmarking comparators
Home Care	1,547	2,083	1,844	1,771
Direct Payments	1,007	1,356	1,201	1,146
Care Homes	3,957	5,327	6,051	8,758
Supported Living	2,016	2,714	2,405	2,349
Community Activities	134	181	160	153
Total	8,661	11,661	11,661	14,177

Financial Impact – Option 1 – NLW + CPI

Service Type	2022/23 Rate £ph / £pw / £per session	2023/24 Rate £ph / £pw / £per session	2023/24 % Uplift	Gross Cost p.a. £000s
Home Care	16.84	18.51	9.9%	1,547
Home Care Rapid Response / Reablement	18.00	19.79		
Home Based Respite	16.08	17.68		
Direct Payments – Agency	16.08	17.68	9.9%	1,007
Direct Payments – Employed PA	11.44	12.58		
Direct Payments – Self-Employed PA	14.03	15.42		
Residential	492.10	540.96	9.9%	3,957
Residential Dementia	529.06	581.59		
Nursing	515.55	566.74		
Nursing Dementia	554.26	609.29		
Supported Living	16.08	17.68	9.9%	2,016
Community Activities – Day Care	30.69	33.74	9.9%	134
Community Activities – Complex Needs	16.08	17.68	9.9%	
Total	n/a	n/a	9.9%	8,661

Financial Impact – Option 2 – NLW + CPI + even distribution of MSP grant

Service Type	2022/23 Rate £ph / £pw / £per session	2023/24 Rate £ph / £pw / £per session	2023/24 % Uplift	Gross Cost p.a. £000s
Home Care	16.84	19.09	13.4%	2,083
Home Care Rapid Response / Reablement	18.00	20.41		
Home Based Respite	16.08	18.23		
Direct Payments – Agency	16.08	18.23	13.4%	1,356
Direct Payments – Employed PA	11.44	12.97		
Direct Payments – Self-Employed PA	14.03	15.91		
Residential	492.10	557.89	13.4%	5,327
Residential Dementia	529.06	599.79		
Nursing	515.55	584.47		
Nursing Dementia	554.26	628.36		
Supported Living	16.08	18.23	13.4%	2,714
Community Activities – Day Care	30.69	34.79	13.4%	181
Community Activities – Complex Needs	16.08	18.23	13.4%	
Total	n/a	n/a	13.4%	11,661

Financial Impact – Option 3 – NLW + CPI + target MSP grant on 70:30 basis (70% res/nurs, 30% community)

Service Type	2022/23 Rate £ph / £pw / £per session	2023/24 Rate £ph / £pw / £per session	2023/24 % Uplift	Gross Cost p.a. £000s
Home Care	16.84	18.84	11.85%	1,844
Home Care Rapid Response / Reablement	18.00	20.12		
Home Based Respite	16.08	18.00		
Direct Payments – Agency	16.08	18.00	11.85%	1,201
Direct Payments – Employed PA	11.44	12.80		
Direct Payments – Self-Employed PA	14.03	15.68		
Residential	492.10	551.18	12.00%	6,051
Residential Dementia	529.06	592.55	12.00%	
Nursing	515.55	620.76	20.36%	
Nursing Dementia	554.26	667.10	20.36%	
Supported Living	16.08	18.00	11.85%	2,405
Community Activities – Day Care	30.69	34.32	11.85%	160
Community Activities – Complex Needs	16.08	18.00	11.85%	
Total	n/a	n/a	n/a	11,661

**Greater percentage uplift has been applied to nursing as the key market risk area. Based on benchmarking gaps*

Financial Impact – Option 4 – NLW + CPI + Comparator Uplift

Service Type	2022/23 Rate £ph / £pw / £per session	2023/24 Rate £ph / £pw / £per session	2023/24 % Uplift	Gross Cost p.a. £000s
Home Care	16.84	18.75	11.3%	1,771
Home Care Rapid Response / Reablement	18.00	20.01		
Home Based Respite	16.08	17.90		
Direct Payments – Agency	16.08	17.90	11.3%	1,146
Direct Payments – Employed PA	11.44	12.73		
Direct Payments – Self-Employed PA	14.03	15.62		
Residential	492.10	600.25	22.0%	8,758
Residential Dementia	529.06	640.88	21.1%	
Nursing	515.55	640.93	24.3%	
Nursing Dementia	554.26	683.49	23.3%	
Supported Living	16.08	17.94	11.6%	2,349
Community Activities – Day Care	30.69	34.16	11.3%	153
Community Activities – Complex Needs	16.08	17.90	11.3%	
Total	n/a	n/a	n/a	14,177

Affordability & DRAFT Budget Proposals 23/24

Recommendation: Option 3 - £11.6m

- The recommended care fees will result in a net increase of c£10.1 million for 2023/24, this will be met from the overall Adults budgets in 2023-2024 of £102.9 million.
- The Council's 2023-2024 Final Budget and Medium-Term Financial Strategy 2023-2024 - 2025-2026 which will be presented to Cabinet on 22 February and Full Council on 1 March includes growth for Adult Services totalling £14.0 million for 2023-2024.
- Funding for the impact of the recommended fee uplift is included in the growth for 23/24.

Next Steps, Timeline & Recommendation

Deliverable / Milestone	Date
ALT for Preferred Option	26/01/2023
Draft Cabinet Report	26/01/2023
Strategic Exec Board (SEB)	31/01/2023
Cllr Leach Briefing	06/02/2023
Executive Board	06/02/2023
Fulfilled Adult Lives Scrutiny	08/02/2023
Cabinet Resources Panel	22/02/2023
Provider Comms to confirm uplifts	23/02/2023
Implementation steps to apply uplifts	22/02/2023 – 03/04/2023