

Agenda Item No.6 (h)

DERBYSHIRE COUNTY COUNCIL

CABINET

15 March 2018

REPORT OF THE STRATEGIC DIRECTOR - ADULT CARE

INDEPENDENT SECTOR HOME CARE FEES 2018-19

ADULT SOCIAL CARE

1. Purpose of report

To seek Cabinet approval;

- to increase fees for independent sector home care from 1 April 2018, by 4.8% on all hourly rates;
- to increase all travel/visit rates by 4.8% from 1 April 2018;
- to make an inflationary payment of up to 4.5% for specialist home care placements where evidence is provided of inflationary pressures;
- to introduce a new standard flat rate payment of £11.64 per hour for provision of a sitting service;
- to introduce a new standard flat rate payment of £1,269.10 per week for live in care.

2. Information and Analysis

There are approximately 3,169 people currently in receipt of home care support from up to 50 independent sector home care providers, which is equivalent to 80% of the commissioned home care market.

The Derbyshire Homecare Association ("the Association") represent many of the home care providers. It has requested, on behalf of their members, that the Council consider an increase in fees for 2018-19 to assist with meeting costs associated with the continued promotion of the National Living Wage. Adult Care has also received additional requests from other providers not represented by the Association for a fee increase to reflect inflationary pressures.

The Association have been invited to a meeting held on the 16 February 2018 with the Council to discuss the sector's views about current market conditions

and inflationary pressures. The views shared at this meeting have assisted the Council in detailing 2018-19 fee proposals described in this paper.

2.1 Costs Highlighted by Home Care Providers

National Living Wage

Providers have identified that the National Living Wage is due to increase by 4.4% for staff aged 25 and over from 1 April 2018 (from £7.50 per hour to £7.83 per hour a 33p increase). They note that they have very few staff aged under 25 and that they do not want a two level pay system, as this would be detrimental to recruitment and retention of under 25's to the industry.

Council response

In responding to the providers' request for an inflationary fee increase, the Council has identified the main budget headings that need to be considered when setting home care fee rates. Appendix 1 details these headings and proposed inflationary increases as set out below.

To reflect the National Living Wage the Council has decided to apply a 33p increase on the calculation of hourly home care wages equivalent to 4.13% wage increase for all staff costs including staff aged under 25.

Auto pension enrolment

The required auto pension enrolment was another area that provider representatives felt the Council should build in to the fee rate increase. As part of these changes providers will need to make an additional 1% pension payment for all eligible staff.

Council response

The auto-enrolment pension scheme has been subject to a national introduction over the past few years. It has been nationally accepted that the additional costs to a provider will be in the region of an additional 1% on top of the 1% already charged against their staffing bill. It is therefore proposed that overall staff costs should be increased by 2% to enable providers to meet this new requirement.

Travel time

The Association have highlighted that when Her Majesty's Revenue and Customs (HMRC) undertake checks of payment of wages by home care providers they are focused on ensuring that providers pay their home care staff at least the minimum wage for their travel time between calls. The

Association would like the Council to ensure that the travel rates paid reflect journey time and allow them to meet their national minimum wage obligations.

Council response

The Council makes an additional payment per home care visit to assist providers in paying staff travel time and to meet the costs incurred by staff. The National Minimum Wage rules require home care providers to count travel time between visits towards the calculation of working time. The impact of the National Living Wage means that providers should have to pay staff more to compensate for the travel time element.

It is proposed that the current travel rates are inflated in line with the proposed standard 4.8% inflationary increase for home care which has been calculated to take account of the impact of the National Living Wage.

Travel payments

As noted the Council pays an additional amount to providers for each home care visit to assist providers to meet costs associated with travelling from one call to the next. There are currently four values as shown in the table below:

New Packages	Oct 2017	April 2018
Urban	1.96	2.05
Semi-Rural	2.73	2.86
Rural	3.66	3.84
Extra Rural	5.46	5.72

The values are linked to population density at ward level and the likely travel time between calls. The highest travel payment is meant to encourage take up of new work in the more rural parts of the county where travel time between calls and impact of weather and isolated nature of the calls can be difficult to cover. It is noted that encouraging providers to take on new work in isolated rural areas is always challenging. Difficulties in covering these home care calls can often result in delayed hospital discharge.

Quality Premium

The Quality Premium fee was introduced a number of years ago to promote improvements in the provision of homecare. However, the required standards are now being met by the majority of the Providers and the proposed Procurement to re- fresh the Approved Provider list as referenced below would be better achieved with only one usual hourly cost for all Providers.

It is proposed to introduce only one fee rate for the following service types which will help with simplifying the market offer;

- Sitting Services

There are currently four sitting rates and it is proposed to consolidate these into one rate. This service is usually offered as Carer Respite where a worker will sit with a client for a few hours possibly once or twice a week whilst their primary Carer takes a break. The rates offered are lower than the homecare rate as they don't involve personal care and Providers have stated it is difficult to provide a service at the lower rates. It is proposed to keep the highest of the four rates and all new work will be commissioned at this rate of £11.64 per hour.

- Live –in Care Services

There are only five live in care packages in the County and they are all at the Quality Premium rate. Live-in care is when a trained worker lives with a client in their home, supporting with day-to-day needs and in some cases being on call overnight. It is therefore recommended from 1st April 2018 to only operate one Live in Care Rate of £1,269.10 per week.

Training

The Association has previously challenged the number of training days allowed for in the Council's assumptions used when calculating the fee rates. The Council previously funded up to 3 days training in the fee model and following feedback from The Association the number of training days was increased from 3 to 5 days in the fee calculation.

Council response

The Council will continue to offer free access to Council run training courses many of which contribute towards the Care Certificate. The Council is also leading an initiative to promote and support workforce development.

Staff recruitment and retention

Providers continue to report that recruitment and retention of Home Care workers is extremely difficult they highlight concerns about how low wages in the sector coupled with low unemployment in parts of the county and poor status of a career in social care impact on their ability to recruit and retain sufficiently well trained staff.

Council response

It is nationally recognised that there are particular problems with encouraging people to consider a career in providing care. This is no different in Derbyshire with providers regularly alerting us to their problems with recruiting and retaining staff. The workforce has a high level of turnover and although some of this movement may be between jobs in the sector, providers frequently lose staff in whom they have made a considerable investment in terms of training and development. This can create real instability in the market.

The recruitment and retention of staff is particularly problematic in the more rural parts of the county. The impact of the difficulties in recruiting staff is that Adult Care is unable to arrange packages of care which can impact for instance on delaying hospital discharge.

In response to the workforce challenge Adult Care has established The Derby City/ Derbyshire Talent Academy Programme. This Talent Academy will co-ordinate a range of activities designed to meet the three Programme Deliverables of;

- Attraction and Recruitment
- Traineeships and Apprenticeships
- Retention and Progression

Increase in Care Quality Commission registration fee, business rates and other cost increases.

Providers have also expressed concerns about other inflationary pressures including concerns about a proposed increase in their yearly Care Quality Commission (“CQC”) registration fee alongside general inflationary pressures and the changes they have to make to prepare for General Data Protection Regulation that is due to be implemented in May 2018.

Council Response

In order to assist providers with meeting these overhead costs it is proposed to increase head office costs as shown in Appendix 1 by 3% in line with inflation.

Greater Market Confidence

Providers have advised that if the Council offered greater security of commissioned work then it might be more likely for them to recruit and retain

staff. It has been suggested that the Council should consider some block contracts rather than all spot contract arrangements.

Council Response

The Council is reviewing the current Home Care Market and a number of proposals about future service delivery are under consideration. Members of the Association will be asked to join a group to assist the Council with developing Market Shaping initiatives which it is hoped will contribute towards a sustainable dynamic homecare market. Areas for development include:

- Introduction of a new recording system.
 - The Council will be introducing a new recording and scheduling system. It is the Council's intention to pay from recorded information for each call made. This new initiative would only start once it is tested with Provider representatives.
- The Council's Direct Care Service is to shift priority from provision of long term to short term care
 - The Direct Care service will focus on provision of short term care with an emphasis on assisting people who may have been unwell to regain skills. Private Providers will have to increase their own workforce capacity to facilitate this shift to ensure this change in priority is a success.
- Refresh the Provider List following a Procurement Exercise
 - The Council intends to undertake a procurement exercise to renew the approved list. The intention is to undertake this exercise to minimise any impact on the current market and our clients. It is likely that the Council will continue to operate a long list of providers who will bid for work as now, supplemented by some targeted block contracts in areas of the county where there are the greatest concerns about market supply.
- General Data Protection Regulations
 - As noted these new regulations will apply from May 2018 and they replace the Data Protection Directive 1995. The Council will need to be assured that Providers fully understand their obligations for managing Personal Data and implement systems appropriately.
- Meeting the Workforce Challenge
 - The Council's Talent Academy – recruitment and training initiative will continue to work with key organisations to develop initiatives.

2.3 Proposals

The impact of these funding proposals are shown below.

Proposed Non-Quality Premium rates for 2018-19 from 1 April 2018

Service type		£ per hour
Day Time	7am-8pm	13.08
Night Time Weekends	8pm-7am	13.80

Proposed Quality Premium rates 2018-19

Service Type		£ per hour
Day Time	7am-8pm	13.92
Night Time and Weekends	8pm-7am	15.00

Proposed Other Rates

Service Type		
Sleep In	10pm-7am	Minimum of £74.52 per night
Sitting Service	No	£11.64 per hour
Personal Care		
Living In Care		£1,269.10 per week

2.4 Benchmarking

The proposed fee rates for the provision of home care in Derbyshire although lower than the 2017-18 average fees reported by authorities local to Derbyshire they are in fact comparable once travel rates shown in the table above are included. The fee rates for the other local authorities are before any inflationary increases for 2017-18.

Derbyshire £13.08 - £ 13.92 (Proposed Day rate without travel payment)

Nottinghamshire £15.54 (Average) inclusive of travel

Derby City	£13.80	inclusive of travel
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Leicestershire	£15.70 (Average)	Inclusive of travel
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3. Impact of the Proposals on Specialist Home Care Fees

The proposals made in this report, and summarised in Appendix 1, focus on the basic fee rates for the provision of home care. The Council also funds specialist home care services for people who live in supported living care settings.

Supported living is an alternative to residential care, providing home care support and accommodation to people who are assessed as eligible for adult care services. In a supported living service, the housing provider and support provider are separate, and the client is a tenant. Accommodation is homely not institutional with clients contributing directly to daily tasks around their own home.

Specialist home care providers receive higher hourly fee rates that reflect the greater investment in staff and training to meet an individual's needs. It is proposed that an increase in payments of up to 4.5% can be agreed with providers that provide specialist home care provision in supported living care settings where they can evidence that their costs have increased.

4. Financial Considerations

The proposed increase of 4.8 % on homecare fees and travel rates from 1 April 2018 would cost £1.630m per annum.

The proposed increase of up to 4.5% from 1 April 2018 on specialist homecare fees for Supported Living Schemes will cost £1.105m per annum.

The costs can be met from the £4.2m held in the Corporate Contingency Budget for Living Wage Impact.

5. Social Value Considerations

The majority of the organisations contracted to provide regulated Home Care services on behalf of Derbyshire County Council are local businesses. All of these businesses play a key role in their local communities providing connections between families and friends and offering local employment. Because providers are local to Derbyshire they can be responsive to the local communities they are based in.

The specialist home care providers referred to in this report are predominantly charitable organisations that place a great deal of emphasis on supporting and

empowering their clients to be active member of their local community. This also includes supporting wider family connections, linking with welfare support and advice as well as promoting community inclusion and resilience.

6. Legal Considerations

In accordance with the Care Act 2014, the Council is under a new duty to promote diversity and quality in the market of care and support provision. The Council is satisfied that the methodology used in calculating the proposed fee increase is equitable and properly reflects the increased cost pressures highlighted by the providers

7. Other Considerations

In preparing this report the relevance of the following factors has been considered: environmental, prevention of crime and disorder, equality and diversity, human resources, health, property and transport considerations.

8. Key Decision

Yes

9. Is it necessary to waive the call-in period?

No

10. OFFICER'S RECOMMENDATION

That Cabinet agrees:

- the proposed fee increases for the independent sector home care fees from 1 April 2018, by 4.8% on all hourly rates for home care;
- an increase of 4.8% on all travel/visit rates from 1 April 2018;
- to make an inflationary payment of up to 4.5% for specialist home care placements where evidence is provided of inflationary pressures;
- to introduce a new standard flat rate payment of £11.64 per hour for sitting services;
- to introduce a new standard flat rate payment of £1,269.10 per week for Live In Care.

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Appendix 1

Proposed Home Care Fee Rate 1 April 2018

	Agreed 2017/18 Rate	Proposed 2018/19 Rate	Change	%
Wages	8.00	8.33	0.33	4.13%
Employers NI above £157 per week 13.8% (Based on 30 hr contract)	0.35	0.43	0.08	22.86%
Pension 1% now 2%	0.08	0.17	0.09	112.5%
Hourly Cost	8.43	8.93	0.50	5.93%
Holiday Pay 4 weeks	0.65	0.69	0.04	6.15%
Sickness pay assume 2 weeks per year	0.32	0.34	0.02	6.25%
5 training days per year	0.16	0.17	0.01	6.25%
Bank holidays 8 days per year	0.26	0.27	0.01	3.85%
Net Hourly Rate	9.82	10.40	0.58	5.91%
Head office and profit	2.66	2.74	0.08	3.01%
Total Hourly Rate	12.48	13.14	0.66	5.29%

The hourly fee rate has to be divisible by 12 to allow for payments to be made in 5 minute blocks. It is proposed to roll the value down to £13.08 which is divisible by 12 equivalent to a 4.8% inflationary increase.

Assumptions Used in Calculating Fee Rates

- Contribution towards hourly wage has been increased by 33p
- Employers pay of 13.8% National Insurance at pay above £155 per week
- Holiday Pay is calculated at 4 weeks plus an additional 8 days bank holiday entitlement. This is equivalent to 5.6 weeks statutory minimum annual leave entitlement.
- Extra 1% Pension Contribution
- Training day funding allocation at 5 days
- Head office costs - increased by 3%