

DERBYSHIRE COUNTY COUNCIL

CABINET

16th April 2013

REPORT OF STRATEGIC DIRECTOR - ADULT CARE

**FEE LEVEL INCREASES FOR INDEPENDENT SECTOR CARE
SERVICES**

1. Purpose of the Report

To seek approval for the proposed fee increases for independent sector care homes, specialist care home placements, day care placements in care homes and home care fees.

2. Information and Analysis

Fees paid to independent sector care services are considered on an annual basis. Meetings are held with provider representatives of care homes and home care agencies to bring to the attention of the County Council business pressures affecting the care market and their costs.

3. Payment proposals

3.1 Care Homes – Fair Price for Care

The Council has been in correspondence with representatives of Derbyshire Care Homes Association for the past year concerning how much the Council pays for Care Home placements. Discussions have focused on the relationship between the actual costs incurred by care home owners in comparison to the fees paid by the Council. Following this on-going dialogue it was agreed that a detailed questionnaire would be circulated to all Care Home providers in Derbyshire to request that they evidence their revenue costs for a twelve month period. Derbyshire Care Homes Association endorsed this questionnaire and recommended that all providers complete it.

Technical Accountants within the Council are now undertaking a review of the financial information detailed within the completed questionnaires. A paper detailing the outcomes of this review and any fee proposals that might be forthcoming will be presented to Cabinet in the summer of 2013.

It is acknowledged that this full review of costs, whilst in its final stages, still has to be completed, and it is therefore proposed to make a 2% fee increase to be paid and backdated to the 1 April 2013. This one off proposal is made without prejudice to the outcome of the full review.

Adult Care provides funding for approximately 2272 older people and 663 people under 65 living in independent residential or nursing care homes in Derbyshire and beyond. Some residents choose to live outside Derbyshire's boundary, often to be nearer to relatives. Adult Care funds those people in accordance with the "Ordinary Residence: Guidance on the identification of the ordinary residence of people in need of community care services, England" published by the Department of Health.

3.1.1 Quality Premium Payment

Care home providers are able to apply to the Council for an additional quality premium payment, currently at £21 per placement per week above the standard agreed fee rates (as detailed in table 1 below). The Council introduced these additional payments to encourage providers to invest in providing good quality services.

To be eligible for these additional payments, providers must show that they can achieve a range of stated standards and then maintain them to a satisfactory level. Reference is also made to compliance with Care Quality Commission standards. Care Homes and Home Care Providers have been encouraged as part of the award of quality premium payments to gain the Derbyshire Dignity and Respect Bronze award.

3.1.2 Nursing Fee Rates

When making a placement into a nursing home, the nursing care element of the placements is funded by the NHS. The current (2012-2013) standard amount payable per week is £108.70, the rest of the nursing home placement standard fee (detailed in table 1 below) is paid by the Council.

When NHS-funded nursing care was introduced in October 2001, the NHS made a commitment to regularly reassess the payment. At the time of writing the NHS had not advertised their intentions for the nursing care rate from the 1st April 2013.

3.1.3 Fee Proposals for Care Homes

The proposed percentage increase in fee rates detailed below have been made taking into account the approach previously made by the Council of investing in quality premium payments, making all new placements in residential care at the very dependent older people's rate and where possible to take into account other external influences and inflation.

In recognition of cost pressures it is proposed to increase the fees by 2% (or similar to ensure that the final fee rate can be divisible by 7 to allow for daily payments) backdated to the 1st April 2013 and to leave the quality premium payment at £21 per person per week where applicable.

Table 1

Type of Placement	Weekly Fee rate 2012/2013	Proposed Increase	Proposed Weekly Fee Rate 2013/2014
	£	%	£
Residential Placements without Quality Premium			
Older Person – Standard (no new placements at this rate)	£364.14	2%	£371.42
Older Person – High Dependency	£380.73	2%	£388.36
Physical Disabilities Under 65	£451.71	2%	£460.74
Learning Disabilities Under 65	£401.73	2%	£409.78
Mental Health or Substance Misuse Under 65	£380.73	2%	£388.36
Residential Placements Including £21 Quality Premium			
Older Person – Standard (no new placements at this rate)	£385.14	2%	£392.42
Older Person – High Dependency	£401.73	2%	£409.36
Physical Disabilities Under 65	£472.71	2%	£481.74
Learning Disabilities Under 65	£422.73	2%	£430.78
Mental Health or Substance Misuse Under 65	£401.73	2%	£409.36
Nursing Placements* without Quality Premium			
Older Person – Standard (no new placements at this rate)	£364.14		£371.42
Older Person	£392.63	2%	£400.47
Physical Disabilities Under 65	£445.13	2%	£454.02
Learning Disabilities Under 65	£395.15	2%	£403.06
Mental Health or Substance Misuse Under 65	£405.23	2%	£413.35
Nursing Placements* Including £21 Quality Premium			
Older Person – Standard (no new placements at this rate)	£385.14		£392.42
Older Person	£413.63	2%	£421.47
Physical Disabilities Under 65	£466.13	2%	£475.02
Learning Disabilities Under 65	£416.15	2%	£424.06
Mental Health or Substance Misuse Under 65	£426.23	2%	£434.35

* Nursing Care contribution made by the NHS currently **£108.70** is paid on top of these weekly rates.

3.2 Specialist Fee Rates

These fee rates apply to specialist care home placements which have fee rates that have been individually negotiated to ensure that the needs of people who require complex support/care arrangements are met. The fees for specialist placements are often substantially more than the standard care home fees described above. The additional funding (top up) paid for a specialist placement reflects the greater investment in staff and training to meet an individual's needs.

3.3 Day Care Placements in Care Homes

Some people who are supported to live in their own homes are able to use day care places in independent sector care homes. The care home is often close to where an individual lives; the care home often helps with transport to and from the care home and provides meals. In some cases care homes will provide a bathing service and make places available at weekends and evenings which can be of great assistance to carers.

The standard fee rate for day care placements in independent sector care homes is currently £31.11 per day. It is proposed for 2013/2014 that this fee level is increased by 2% to provide a new daily fee of £31.74 per day.

3.4 Home care proposals

There are approximately 3,500 people currently in receipt of home care support from over 50 independent sector providers. At a recent meeting to discuss fee arrangements for 2013-2014 provider representatives identified a range of financial pressures facing their businesses. These included increased operational costs, minimum wage changes and reduction in support from Skills for Care for staff training.

Following this meeting it is proposed that Home care fee rates for 2013-2014 are increased by 2%, with each hourly fee rate being divisible by 12 to facilitate payment arrangements.

Home Care providers have been advised that services will be subject to a tender exercise within 2013-2014. A paper will be presented to cabinet in summer 2013 to gain approval for the procurement method to be used for the Independent Sector Home Care Market. As part of the preparation for these proposals it has been agreed with Home Care Providers to set up a group to consider a Fair Price for Home Care which will inform the tender exercise.

3.5 Fee Proposals for Home Care

Non-Quality Premium rates

Service type	Hourly Fee Rate 2012-2013	Proposed Hourly Fee Rate 2013-2014
Day Time 7am-8pm	£10.32	£10.56
Night Time 8pm-7am and Weekends	£11.04	£11.28
Sleep In 10pm-7am 9 hours	£51.75	£52.83
Sitting Service	£7.92	£8.04
Living In Care	£961.17	£980.42

Quality Premium rates

Service Type	Hourly Fee Rate 2012-2013	Proposed Hourly Fee Rate 2013-2014
Day Time 7am-8pm	£11.04	£11.28
Night Time 8pm-7am and Weekends	£11.64	£11.88
Sleep In 10pm-7am 9 hours	£58.05	£59.22
Sitting Service	£8.64	£8.76
Living In Care	£1,021.58	£1,042.02

Travel rates

	Current Fee Rate 2012 -2013	Proposed Fee Rate 2013-2014
Chesterfield	£1.55	£1.58
High Peak/Dales	£2.77	£2.83
Other Areas	£2.24	£2.28

4. Financial Considerations

The estimated additional costs due the proposed increase in fee levels are:

Care Homes	£1,204,000
Day Care in Care Homes	£34,000
Home Care	£618,000
Total additional cost	£1,856,000

These costs can be met from the budget allocated to Adult Care for 2013-14.

5. Legal Considerations

The case of Forest Care Home Limited v Pembrokeshire County Council demonstrated that local social services authorities should not set contract prices mechanistically but should consult with an open mind and have regard to providers' costs and efficiencies and planned outcomes for people using services. They should ensure that when making strategic or individual decisions, they should have proper regard to the consequences such decisions will, or may, have on both providers and the residents of care homes, that they have a mechanism in place to discuss costs and performance with providers and that their fee setting process take into account:-

- The legitimate current and future costs faced by providers, as well as the factors affecting those costs.
- The potential for improved performance and more cost-effective ways of working.

Department of Health guidance entitled, 'Building Capacity and Partnership in Care' published in 2001 states that local authorities should ensure that, "fee setting takes into account the legitimate current and future costs, and the potential for improved performance and more cost effective ways of working."

6. Other Considerations

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

7. Key Decision

Yes

8. Is it required that call-in be waived for any decision on this report?

No

9. OFFICER'S RECOMMENDATIONS

That Cabinet approves the proposed fee increases of 2% for independent sector care homes, day care placements in care homes, and home care payments for 2013-2014.

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