

DERBYSHIRE COUNTY COUNCIL

CABINET

21 March 2019

REPORT OF THE STRATEGIC DIRECTOR - ADULT SOCIAL CARE

INDEPENDENT SECTOR HOME CARE FEES 2019-20

ADULT SOCIAL CARE AND HEALTH

1. Purpose of report

To seek Cabinet approval;

- to introduce a new consolidated fee rate for independent sector home care provision from 1 April 2019 of £15.00 per hour (equivalent to an increase of 4.75% on existing rates);
- to increase travel/visit rates by an average of 2.89% from 1 April 2019 and move packages on historic travel rates introduced in 2016 to the new scheme;
- to increase the fee rate for in-house home care provision from 1 April 2019 by 4.24% to £22.32 (including travel)
- to remove the sitting service fee rate of £11.64 and pay the equivalent personal care fee rate of £15.00 per hour.
- to make an inflationary payment of up to 4.5% for specialist home care placements where evidence is provided of inflationary pressures;

2. Information and Analysis

There are approximately 3,500 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 other 20% of long term packages being provided by the Council's in-house service.

The Derbyshire Homecare Association ("the Association") represent many of the independent home care providers. It has requested, on behalf of their members, that the Council consider an increase in fees for 2019-20 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 were invited to a meeting held on the 21st January 2019 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 2019-20 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 4.8% for staff aged 25 and over from 1 April 2019 (from £7.83 per hour to £8.21 per hour a 38p 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 38p 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 2% already charged against their staffing bill. It is therefore proposed that the fee model used by the Council should reflect the auto pension enrolment value of 3% for all staff costs from 1st April 2019.

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 travel time embedded in the travel rate calculation is 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 costs such as fuel have not been increased within these calculations.

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	April 2018	Proposed April 2019	Increase %
Urban	£2.05	£2.15	4.88%
Semi-Rural	£2.86	£2.93	2.45%
Rural	£3.84	£3.94	2.60%
Extra Rural	£5.72	£5.85	2.27%
Average			2.89%

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.

The Association explained that the urban travel rate does not necessarily reflect the true cost of travel. Often urban areas have heavier traffic particular at certain times of day, more one way systems and difficulty parking near to a client's home. In these areas staff will sometimes use public transport as this may be quicker than using a car.

Council response

The Council accepts the comments made by the Association and will apply a slightly higher percentage increase to the urban travel payment when compared against other travel rates.

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.

The Association have welcomed the additional contribution detailed above but have noted that the cost of the national Quality and Credit Framework for Care level 2/3 is now £3,000 per worker and level 5 is £9,000. They note that it is possible to utilise the apprenticeship levy but they then have to spend 20% of their paid time off rota which providers argue is neither affordable nor possible due to workforce constraints.

Council response

The Council notes the feedback from Providers about the apprenticeship levy but is unable to respond beyond the support already available within the fee modelling and 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. In response to these difficulties there has been a national awareness campaign launched by the Government in February 2019 to promote a career in care work. In readiness for the launch

of the National Recruitment Campaign Joined up Careers Derbyshire (JuCD - previously known as The Derby City/ Derbyshire Talent Academy Programme) worked closely with Communication Leads and DWP/Job Centre Plus to ensure maximum impact locally. The Skills for Care “State of the Adult Social Care Sector and Workforce in England” (September 2018) noted that the national staff turnover rate is 30%, and this coupled with increased demand for services makes it difficult to respond to requests to provide services.

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 locally 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 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 and the local NHS have established Joined Up Care Derbyshire (JuCD). JUCD is co-ordinating a range of activities designed to meet the three Programme themes:

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

Both Derbyshire County Council and Derby City Council have recruited project staff to specifically work with social care providers with a focus on attraction and recruitment.

The JuCD Team attended 14 careers events November 2018 – January 2019, reaching in excess of 14,000 attendees, including Skills Festivals, Careers Events with Schools, and Colleges providing meaningful encounters with workshop style exercises in addition to the market place approach. A Provider Forum was held at County Hall in December 2018; employers were invited to attend and hear from keynote speakers such as Skills for Care, DCC Learning and Development and HEE. The event provided an opportunity for employers to network with other local employers, and also to hear about the support available to them.

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.

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 2.4% in line with inflation.

2.2 Council Proposals

The Council is constantly reviewing how the Home Care Market can be supported to be more efficient and effective to promote the availability of high quality safe provision. The following details proposals and current service developments to enhance the market. Areas for development include:

Quality Premium

The Quality Premium fee was introduced a number of years ago to promote improvements in the provision of home care. However, the required standards are now being met by Providers as standard. It is therefore proposed to remove the Quality Premium rate and embed it in the standard fee rate for contracted home care.

Provider Response

Providers have expressed support for this proposal as it simplifies the current fee model used by the Council. The only caveat being that they would not want this action to have a negative impact on the overall fee rate to be paid by the Council

Standard Hourly Fee Rate

It is proposed to further simplify the Home Care fee rates currently paid by Derbyshire Adult Care by removing the enhanced weekend and evening fee rates and providing a rolled up single rate for care. Separate fee rates are no longer required to help secure provider interest in picking up new work and can cause more confusion if homecare activity spans the time threshold used to define these enhanced rates. It is also proposed to remove the sitting rate where workers are required to accompany a client in their own home but are not allowed to undertake any personal care. The care workers find this restriction very difficult as their client will often require personal care. It is therefore proposed to remove the sitting rate which will help simplify

commissioning and supply of home care provision as all visits will be paid at the same rate which is equivalent to the personal care fee rate.

Provider Response

Providers have expressed support for this proposal as it simplifies the current fee model used by the Council.

Introduction of a new recording system.

The Council is currently introducing a new recording and scheduling system. It is the Council's intention to use the recorded information to pay for each call made. This will result in cashable savings following the removal of paper invoicing system. This new initiative would only start once it is tested with Provider representatives to ensure that provider cash flow is not disproportionately impacted.

Provider Response

Providers have expressed support for this new system although there have been some initial problems with transitioning to this new system.

Direct Care

The Council's Direct Care Service continued shift of priority from provision of long term to short term care. The Direct Care service will focus more on provision of short term care with an emphasis on assisting people who may have been unwell to regain skills. Direct Care will no longer take on new long term care packages unless there is no alternative provider available. Private Providers will have to increase their own workforce capacity to facilitate this shift to ensure this change in priority is a success.

Providers Response

Providers are encouraged by the opportunity to expand their service offer but have asked for it to be noted that they are restricted by difficulties with recruiting and retaining staff which limits their opportunities to grow their service.

Refresh the Provider List following a Procurement Exercise

The Council intends to undertake a procurement exercise to renew the provider list. The intention is to undertake this exercise to minimise any impact on the current market and our clients. This will be only undertaken once the new recording system has been fully implemented. 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.

Provider Response

Providers have expressed satisfaction with the Council's intention to undertake a Procurement exercise that is likely not to restrict provider numbers. They are especially supportive of the proposal to introduce targeted block contracts.

Hospital Discharge Incentive

The Council intends to continue to offer an enhance rate of double time for a short period to home care providers to promote timely and safe hospital discharge. This enhancement is predominantly only available over Christmas, New Year and Easter when Acute Hospitals are under pressure to manage hospital bed numbers. Following Adult Care SMT approval it is also possible to offer these enhancements to assist hospital discharge when and if a hospital faces unprecedented pressure on bed availability.

Provider Response

Providers acknowledge that this additional funding assists them to encourage their workers to take on additional work at short notice outside of their normal timetabled work.

2.3 Proposals

The impact of the funding proposals described earlier in this report are summarised in the table below

Service Type	Rate 2018 /19	Rate 2019 /20
Care Hours	£13.92-£15.00	£15.00 per hour
Sleep In (10pm-7am)	£74.52	£78.03 per night
Living In Carer	£1,269.10	£1,329.02 per week
In-House Care Hours	£21.40	£22.32 per hour

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 with their accommodation costs being met by Housing Benefits. 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 than those recorded above which 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 4.75 % on home care fees and 2.89% on travel rates from 1 April 2019 would cost £1.755m per annum.

Moving the remaining three Non-Quality Premium Providers to Quality Premium rates would cost £0.016m per annum.

Moving the Sitting Service to the Personal Care rates would costs £0.065m per annum.

Moving travel payments from the pre 2017 scheme to the current scheme would cost £0.245m per annum.

The proposed increase of up to 4.5% from 1 April 2018 on specialist homecare fees for Supported Living Schemes will cost £1.282m per annum.

The costs of £3.364m per annum can be met from the additional Improved Better Care Fund allocation.

5. 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

6. 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.

7. Key Decision

Yes

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

No

9. OFFICER'S RECOMMENDATION

That Cabinet agrees:

- to introduce a new flat rate homecare fee for independent sector home care from 1 April 2019 of £15.00 per hour (equivalent to an increase of 4.75%);
- to increase all travel/visit rates by an average of 2.89% from 1 April 2019 and move packages still on the old travel rates introduced in 2016 to the new scheme;
- to make an inflationary payment of up to 4.5% for specialist home care placements where evidence is provided of inflationary pressures;
- to increase the fee rate for in-house home care provision from 1 April 2019 by 4.24% to £22.32 (including travel);
- to remove the sitting service fee rate;
- to remove the Non-Quality Premium rate

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MATLOCK

Appendix 1

Proposed Home Care Fee Rate 1 April 2019

	Agreed 2018/19 Rate	Proposed 2018/19 Rate	Change	%
Wages	8.33	8.71	0.38	4.56%
Employers NI above £157 per week 13.8% (Based on 30 hr contract)	0.43	0.43	0.00	0.00%
Pension 1% now 2%	0.17	0.26	0.09	50.00%
Hourly Cost	8.93	9.40	0.47	5.26%
Holiday Pay 4 weeks	0.69	0.73	0.04	5.26%
Sickness pay assume 2 weeks per year	0.34	0.36	0.02	5.26%
5 training days per year	0.17	0.18	0.01	5.26%
Bank holidays 8 days per year	0.27	0.28	0.01	5.26%
Net Hourly Rate	10.40	10.95	0.55	5.29%
Head office and profit	2.74	2.81	0.07	2.40%
Total Hourly Rate	13.14	13.76	0.62	4.72%
Additional Adjustments				
<u>Rolled Up Rate</u>		0.41		
<u>Christmas Eve and New Year's Eve</u>		0.02		
<u>Quality Premium</u>		0.84		
<u>Adjusted Hourly Rate</u>		15.03		

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 £15.00, equivalent to a 4.75% inflationary increase.

Assumptions Used in Calculating Fee Rates

- Contribution towards hourly wage has been increased by 38p
- 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 2.4%