



1. Formal details of the paper

1.1. Title of the paper

Fees paid to Providers 2015-16

1.2 Who can see this paper?

The information in this paper is available to the general public.

1.3 Date of Health & Wellbeing Board meeting

3 February 2015

1.4 Author of the Paper and contact details

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2. Summary

2.1 This report outlines current fees paid to independent, voluntary and community care providers. It makes recommendations for fees to be paid 2015-6. Those affected will be care providers and potentially the vulnerable for whom they provide care and support.

3. Recommendations

3.1 That the Health and Wellbeing Board agree the proposed fee increases as set out in the table below.

Description of service	Recommended fee increase
In city care homes for people needing physical where set rates apply	1% increase
In city care homes set rate for people needing memory/mental health support, where set rates apply	2% increase
In city care homes/ supported living where no set rates	0% change

Description of service	Recommended fee increase
apply	
Out of city care homes/supported living where set rates apply	To reflect host authority set rate
Shared lives carers	1%
Out of city care homes where no set rates apply	0% change
Home care	2%
Direct payments	1%
Service contracts	0% change

3.2 It is also recommended that providers supporting people with a diagnosis of dementia living in registered care homes where people needing physical support rates apply, should be rewarded appropriately. A 1% increase will apply until a policy for this is agreed.

4 Background to the Report

4.1 This report sets out information concerning fee levels and makes recommendations to the Health and Wellbeing Board. Fees are those paid to independent community and voluntary sector providers that supply care services on behalf of Brighton and Hove City Council Adult Social Care and Brighton and Hove Clinical Commissioning Group.

4.1.1 The report includes fees paid to providers of services for people with physical disabilities, adults with mental health needs and adults with a learning disability. Service providers include registered care homes, supported accommodation, home care and community support, community services and direct payments.

4.2 Terminology

Terminology used in this report is included as Appendix One

4.3 Overview of the Market

- Hospitals are discharging people who a few years ago, would have received care in a hospital setting.
- Complex service user needs require an appropriately trained staff team, where this is not managed well the quality of service maybe compromised.
- The community struggles more than ever to respond to demand.
- The care market in the city is changing at a pace that accelerates year on year. Care homes with nursing are closing or changing their business model and new care homes are opening. It is now a challenge to purchase care home places at the set fee rate.



- Recruitment in both the home care and care home sector is becoming increasingly difficult for many providers.

4.4. Finances

The Council's budget for the year 2015-6 will be challenging and at the same time the city is experiencing increasing social care costs. At the Registered Care Association annual conference in July 2014, the National Care Association's Chief Executive, Sheila Scott said that national government must take responsibility for the way councils have had to set fees.

4.5 Care Act 2014

4.5.1 The Care Act will come into place April 2015-6. Currently the council is working with providers to determine how the detail will be implemented. It will require a different approach to care home payment. It is expected that residents will pay up to a maximum and then the council will become involved. There will be changes to means tests and charging arrangements. Everyone who potentially needs care will be entitled to an assessment, so there will be increased activity in this area.

4.5.2 The Care Act will impact on how fees are paid to providers. Rather than make piecemeal, potentially confusing and costly changes to fee structures including the set rates paid to care homes; the council will further consider how fees are constructed when the impact of the Act is better understood.

4.6 Care Home Fees project

4.6.1 For a number of years there has been an issue about the costs of delivering decent quality care versus the prices which such care attracts. This is particularly true of care delivered in registered care homes where set rates apply. The debate has tended to be different in care homes where fees are individually negotiated. In these homes fees tend to be higher, sometimes significantly higher. It has largely been providers of registered care homes where set rates apply, who have expressed concern that prices paid by councils do not reflect the cost of care.

4.6.2. In 2012 Brighton and Hove City Council commissioned Information and Efficiency South East to review the way fees are agreed across all care sectors and develop a clear rationale for allocation of resources that take account of the cost of care provided. The project recommended an audit of local care home fees. The care home response to this audit was sparse with only 17% of homes submitting data. This is low in comparison to other councils and as a result it has been not possible to draw robust conclusions with regards fee setting from the project.



5. Key Findings / areas for consideration

5.1. Care homes and supported living out of city

It is recommended that Brighton and Hove match the applicable host authority set fee rates for new and existing registered care home placements out of the city where these rates apply. This is recommended as each local area is best placed to set the local fee rate settlements. It is also recommended that any adjustment to these rates is reflected in any third party payments which apply.

5.1.1 With regard to registered care home places that are not covered by set fee rate arrangements, the owners will be advised to contact the council to discuss future fees if this is necessary eg if a resident's needs have changed and a reassessment is needed. Providers in financial difficulty are also encouraged to contact the council.

5.1.2 With regard to supported living out of the city, if appropriate owners will be requested to contact the council to discuss future rates. This includes supported living and community support for people with learning disabilities and accommodation services for people with mental health needs.

5.2 Registered care homes rates in the city

5.2.1 The council provides a range of training and targeted advice sessions eg fire evaluation, that are free to access and which are much appreciated by providers. The council also provides advice and support relating health and safety. This year it has been able to fund flu vaccines for front line care workers.

5.2.2 It is recommended that there is an uplift of 1.0 % for registered care homes where People needing Physical Support rates apply.

Additionally if the council is able to make any funds available within the year 2015-6, it will support providers with specific initiatives to take people with the most complex needs.

5.2.3 Rates have been calculated taking into account the needs of specific services areas. Previous uplifts have been included in these discussions and providers' views have been taken into consideration. Previous Committee agreements relating to fees are in Appendix Two. A full breakdown of current fee rates and recommended new rates is included as Appendix Three.

5.2.4 Changes to Care Quality Commission registration have had an impact on how in registered care homes for people needing memory/mental health support is required. A few years ago before the relaxation of registration, once a person had a diagnosis of



dementia they could no longer stay in a mainstream care home, but would have to move to a care home registered for dementia. Following the change many people with dementia stay in mainstream care homes, which on the whole is a positive outcome. A consequence though, is that those people who do go to care homes registered for dementia can be those with the most challenging (and costly) needs.

5.2.5 Supply in Brighton and Hove is complex, with some new providers targeting self-funders at rates the council cannot afford to pay. The city has a historic undersupply of homes for people with dementia care needs, which it can afford to purchase. This supply shortage can impact on delayed transfers of care and cause problems in the wider health economy. **It is recommended that there is an uplift of 2.0 % to care homes and care home with nursing for people who have memory/mental health support needs where set rates apply.**

5.2.6 Following representation from the Brighton and Hove Registered Care Association it is recommended that commissioners work with stakeholders to develop a way of rewarding care homes that support people with dementia and where people needing physical support rates apply.

5.2.7 Fees for care homes where no set fee rates apply vary significantly according to provider and individual users' needs. They include providers where the primary need is learning disability and younger adults with mental health needs and physical health needs. Generally the fees paid are higher than in care homes where set fee rates apply, arguably though many of the 'hotel' costs are similar. Although these services have not received any uplift to fees for several consecutive years, the sector broadly understands and accepts the need for continued efficiency. **It is recommended therefore, that there is no uplift to providers of care homes where there are no set fee rates.**

5.2.8 It is also recommended that any adjustment to rates for registered care homes in the city is reflected in any third party payments which apply.

5.2.9 There is a further recommendation that applies to care homes where set fees do not apply. This is for any resident who is on rates lower than the set fee rates to have the fee uplifted to the set fee rate.

5.2.10 Any provider experiencing financial difficulty is urged to contact the council. If the council cannot assist directly, business



support partners might be able to help, information is available on the council website.

5.3 Shared Lives: All Client Groups

There is a review of fee structures which links to the care home fees project. The proposed expansion of Shared Lives may be jeopardised if there is no uplift. **It is recommended that there is 1% uplift in fees paid to Shared Lives carers.**

5.4 Home care

5.4.1 Home Care Providers are reporting significant difficulties in recruiting and retaining staff at all levels in their organisations. There are well documented capacity issues that suggest that this is a growing issue. There are 43 home care providers within Brighton and Hove all of whom are competing to attract the best staff. The council needs to support the 14 contracted providers.

5.4.2 There is, and will continue to be, increasing pressure for providers to take on more complex work that requires staff of a high calibre to undertake additional training and responsibilities. They will need to be able to keep staff that are well trained to provide the continuity of care that users need. Much of Better Care is predicated on a robust, well-functioning community services.

5.4.3 Home care providers have not received a fee uplift since 2013. **It is recommended that a fee uplift of 2% is considered to reflect the pressures within this sector.** Providers will be expected to pass this uplift onto care workers to ensure that they are able to rise to the challenges that Better Care presents.

5.5 Direct payments

Similar issues that affect home care costs apply to direct payments as these are used in the main to purchase hours of personal assistant time. The big difference between direct payments and home care is recruitment. Currently in direct payments recruitment is not an issue. **It is recommended that a fee uplift of 1% is considered to reflect the pressures within this sector.**

5.6 Service Contracts

5.6.1 Service contracts are funding arrangements for services provided in the community generally by voluntary and community groups. This category includes day activities and community meals. The Prospectus approach to commissioning is used for funding arrangements. This includes the facility for a bidder to set their price for overall delivery of service, including management and operations costs. Thus any relevant



cost of living or uplift within the scope of the available funding would be built into the bid. This would be agreed for the length of the funding agreement.

5.6.2 Both council and NHS commissioners are continuing to work with providers on an individual basis. The overarching recommendation for all providers not in the Prospectus is for no change to fees for the 2015/16 financial year. Any provider that experiences financial difficulty is encouraged to make the council aware and they will be offered advice and support.

5.7 Other Areas

5.7.1 Other Local Authorities are also considering rates that they will set. The early indication is that this is a more complex picture than in previous years. Generally payment rates for dementia are receiving significant consideration.

6 Engagement

This report has been shared with:

6.1 The Brighton and Hove **Clinical Commissioning Group** endorse the recommendations.

6.2 The Business Manager confirmed that **Public Health** will not be giving a financial uplift to any of their contracts in 2015.

6.3 **Corporate Policy, Performance and Communities** say, 'we remain committed to the prospectus approach and will be producing a second communities and third sector prospectus in 2015'.

6.4 **Healthwatch Brighton and Hove** commented: 'The proposals are in line with current inflation and as such seem to be pegged to external indicators and the market. It is difficult to comment upon whether they will be sufficient to deliver quality care, particularly with the needs of people using these services becoming more complex; and whether they will translate into a living wage for carers, given B and H's commitment to this and the difficulties recruiting good carers.'

6.5 This report is on the agenda of the **Older Peoples Council** on 17th February 2015

6.6 **Brighton and Hove Registered Care Association** The Area Chair response included the following:



‘We feel that, despite the financial constraints, serious consideration should be given to recommending an increase of 2% in city homes for people needing physical support where set rates apply, and that reference should be made to the Laing & Buisson figures in their report relating to the Fair Market Price For Care to show the gap between the Brighton & Hove fees and the L & B figures.

A 2% increase is required because the Minimum Wage was increased by 3% to £6.50 an hour from 1st October 2014 and pay represents 50% of fees and in many cases more. Furthermore, there is pressure to pay the Living Wage now £7.85 increased from £7.65. Other areas where costs have risen significantly are insurance, utilities and fire regulations.

The L & B Report that we refer to is the Fair Market Price For Care 2012-13 (A Toolkit For Care Homes For Older People And People With Dementia). The fees quoted in the report are

	Floor pw	Ceiling pw
Residential care, older people	£527	£596
Residential care, dementia	£553	£623

The Floor rate is a rate intended to apply to physically poor quality care homes whose physical environment is on the borderline of acceptability and substantially below the Ceiling rate intended for those providers which have invested in their facilities.’

6.7 **Representatives of the contracted home care providers**

It is felt that the 2% proposed increase for home care provides is realistic in the current climate, although note that this does still fall significantly short of the £15.74 that the UKHCA recommend as the minimum rate to enable companies to pay the minimum wage. If we are working towards ensure all staff receive the living wage the rate recommended is £18.59.

It is acknowledged that Brighton and Hove Council do provide access to training to assist providers in keeping their costs down.

There is an assumption that there will be a substantial uplift in rates and review of terms and conditions within the tender process for the new contract. In ‘Key to Care’ the report from the Burstow commission on the future of Home Care workforce states: ‘Councils often rely on framework contracts that give little predictability of work and revenue to care providers. Care is demand led, but more predictability in revenue, would give care providers the security to have more care workers on fixed hours contracts or on variable hours contracts that include an agreed set hours



with the possibility of more work. In an increasingly volatile care market, many providers are going bust, or exiting the (Local Government) marketplace to focus on private clients.’

It is our experience that when a company was able to offer fixed hours and provide a vehicle, they have found recruitment significantly improved, and a higher quality of care workers. This would be beneficial to home care providers easing their recruitment issues but also to the whole system by enabling companies to take on more work.

The comment stating an expectation that all the 2% be passed on to staff does not reflect the changes in the current market. The ability to give staff a pay rise is of course welcome, however it needs to be noted that costs of running a company are rising, for example the implementation of the Care Act, increased holiday pay and increased NI costs as well as the introduction of Auto enrolment. These direct factors will have a negative financial effect on every organisation. When taking into consideration the changes in assessment of packages since 2009, the average call duration has reduced by approximately 30% over the past 5 years in Brighton and Hove from 45 mins in 2009 to 33 mins in 2014 in 1 agency. Implications of reduction in call duration leads to:

- more mileage for carers, therefore increased on-costs for agencies.
- More difficult to become a care worker without a car
- Difficult to provide outcome led care in 15 minutes
- More on-costs with scheduling and roster planning

Changes to Direct Payments

The increase for direct payments proposed to be 1% causes concern. Home care companies provide care to many people with direct payments and this could lead to a person receiving direct payments not being able purchase their identified level of care as agency rates will be higher. So any proposed increase to council managed packages should be matched for those people that use Care Providers.

7. Conclusions

7.1 Various options and permutations have been considered. Information available from other areas has been considered and the council has engaged with a range of stakeholders including providers of services.

7.2 The recommendations in the report balance the council’s financial position with provider need. Any provider experiencing financial difficulty is urged to contact the council.

8. Financial and other implications:

8.1 Financial Implications:

The proposed increases in rates are expected to result in a 2015/16 budget saving of £750k as some rates fall below the inflationary uplift assumed within the budget strategy. The recommendations are subject to agreement of the budget strategy by Budget Council. The level of saving may be at risk if additional payments are agreed for support to people with dementia.

In considering fee rates proposals are benchmarked against other local authorities. Spend in 2012/13 on services to Older People and People with learning disabilities was high compared with other local authorities as demonstrated by the Audit Commission Value for Money Toolkit.

Finance Officer Consulted: Anne Silley Date: 19/01/15

8.2 Legal Implications:

It is a function of The Health and Wellbeing Board to exercise the social services and health functions in respect of adults and therefore a constitutional requirement for it to approve the recommendations contained in this report. In considering the recommendations the Board must have regard to the rationale for the increase, the duty to the public purse and the outcome of engagement with interested and affected parties.

Lawyer Consulted: Sandra O'Brien Date 21/01/2015

Supporting Documentation

Appendix One

Terminology

- **Care homes** and care homes with nursing; care homes are also known as rest or residential homes and care homes with nursing are known as nursing homes. In this report the term registered care home is used to mean both care homes and care homes with nursing, all of which are registered with the Care Quality Commission.
- **Set fee rates** are usually used for placements in homes for people needing physical support and people needing memory/mental health support. These tend to be older people. Fees for adults aged 18 - 65 generally are individually negotiated ie 'non set fee rates'.
- **Supported living** and **supported accommodation** refer to services where a person has a tenancy or licence agreement for their accommodation, with separate agreements for care and support.
- **Third party payments** are 'top ups' paid by a third party, usually a family to secure a placement at a price that is greater than the council would fund.
- **Service contracts** are funding arrangements for services, such as advocacy and day services that are provided in the community generally by voluntary and community groups.

Appendix Two

Table showing changes to Fees paid 2010-11 to 2014-5

		2011-2	2012-3	2013-4	2014-5
In city care homes set rate	0% change	0% change	Older People Mental health Physical Disability - 5% increase	1% increase	1% increase
In city care homes/ Supported Living Non set rate			Learning Disability - individually negotiated	0% change	0% change
Out of city care homes/ supported living set rate	Match Applicable host area	Match Applicable host area	Match Applicable host area	Match applicable host area	Match applicable host area
Out of city care homes/ Non set rate			0% change	0% change	0% change
Home care	0% change	0% change	0% change	2% increase	0% change
Direct payments			2% increase		
Service Contracts			2% increase/ individually negotiated	0% change	

Appendix Three



**Weekly Fee Rates in City
Care Homes for Physical support – set rates**

Residential Care Homes for Physical Support – set rates	Weekly Rate 2014/2015	% increase	Weekly Rate 2015/2016
Low need - single room	£347.00	1	£350.47
Low need - shared room	£312.00	1	£315.12
Medium need - single room	£422.00	1	£426.22
Medium need - shared room	£384.00	1	£387.84
High need - single room	£470.00	1	£474.70
High need - shared room	£431.00	1	£435.31

Residential Care Homes for Memory/Mental Health – set rates	Weekly Rate 2014/2015	% increase	Weekly Rate 2015/2016
Single room	£519.00	2	£529.38
Shared room	£481.00	2	£490.62

Nursing Homes for Physical Support – set rates, and Memory/Mental Health – set rates

Care homes with Nursing for Physical Support – set rates (includes FNC)	Weekly Rate 2014/2015	% increase	Weekly Rate 2015/2016
Shared room	£539.89	1	£544.18
Single room	£577.89	1	£582.56
Care homes with Nursing for Memory/Mental Health – set rates (includes FNC)	Weekly Rate 2014/2015	% increase	Weekly Rate 2015/2016
Shared room	£590.89	1	£595.69
Single room	£628.89	1	£634.07

Weekly Continuing Health Care base line fee rates in city nursing homes for physical support (set rates) and memory/mental health (set rates). Rates include Social Care rate and FNC

Care homes with Nursing for Physical Support (set Rates)	Weekly Rate 2014/2015	% increase	Weekly Rate 2015/2016
Shared room	£581.20	1	£585.49
Single room	£619.20	1	£623.87
Care homes with Nursing for Memory/Mental Health (set Rates)	Weekly Rate	% increase	Weekly Rate



	2014/2015		2015/2016
Shared room	£632.20	2	£641.80
Single room	£670.20	2	£680.56

Documents in Members' Rooms
Background Documents

None
None

