

# Brighton & Hove City Council

**Adult Social Care & Public Health  
Sub- Committee**

**Agenda Item 8**

**Subject: Fair Cost of Care and Fee Uplift Implications Report 2022/23**

**Date of meeting: 14 June 2022**

**Report of: Rob Persey, Executive Director Health and Adult Social care**

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**Ward(s) affected: All**

**For general release**

## **1. Purpose of the report and policy context**

1.1 The Adult Social Care Fees Report 2022/23 was agreed at Adult Social Care & Public Health Sub-Committee on the 11th January 2022. That paper set out the recommended fee levels and uplifts to be paid to Adult Social Care providers from the 1st April 2022. It attempted to balance the pressure on public finances with the need to manage and sustain the provider market to support the increasing complexity and demands for care while also complying with the duties placed on the Council by the Care Act 2014 to meet the needs of those requiring care and support.

1.2 On the 16<sup>th</sup> of December 2021, the government announced the Market Sustainability and Fair Cost of Care Fund to help support local authorities to prepare markets for reform and to move towards paying providers a fair rate of care. Following Sub-Committee approval the government's finalised the new three year policy paper 'Market Sustainability and Fair Cost of Care Fund: purpose and conditions 2022 to 2023' which was announced on 16 December 2021 with full details released end of March 2022.

1.3 This guidance supports local authorities in administering the Market Sustainability and Fair Cost of Care and sets out requirements for local authorities to prepare for implementation of the Health and Care Act 2022 including preparing markets for the reform by conducting a cost of care exercise to determine sustainable rates and engaging with local providers to understand the impact of the reform.

1.4 Linked to the above is funding (£829,000) for this year to support with this process including a requirement to support those providers covered by the cost of care exercise with fee increases. 75% of the funding needs to be applied to fee uplifts for both 65+ care homes and 18+ home care provision only, as set out in the grant conditions. This paper sets out how this 75% will be applied to these two groups.

## **2. Recommendations**

- 2.1 That the Adult Social Care & Public Health Sub Committee agrees to the recommended fee increase of an additional 5% to Home Care providers hourly Set Rates and an additional 2% to Care Home providers charging Set Rates by making use of the Council's allocation of the 'Market Sustainability and Fair Cost of Care Fund' for 2022-23. The underpinning background to this proposed fee change is contained in the main body of the report. These increases will apply from 4 July 2022.

## **3. Context and background information**

- 3.1 The pandemic has significantly increased the costs of social care. Throughout 2020-21 and 2021-22 the adult social care sector received financial support from the Department for Health and Social Care ("DHSC") to support providers during the Covid-19 pandemic, commencing in May 2020 and finishing in March 2022. This funding was introduced to support providers with implementing infection control measures, was then extended to include support for testing costs and vaccination costs with final grants issued to support workforce recruitment and retention.
- 3.2 Throughout the 2021-22 financial year there has been a significant increase in workforce capacity pressures, notably impacting on the Home Care sector as many more people are choosing to have care in their own home rather than within a care home. This has been exacerbated by Home Care and Care Home staff leaving the care sector due to low salaries and burnout after the pandemic. It is now more difficult to recruit staff from the European Union due to post Brexit government requirements although social care carers are now on the government's Shortage Occupancy List.
- 3.5 Rising fuel costs have hit the care sector significantly. Carers providing Home Care outside the central city area regularly use cars as many outlying parts of the city are too hilly to use bicycles and it is too slow to use buses between Home Care calls. Alternatives to car use are being examined as part of the current recommissioning of Home Care contracts. (expected completion July 2023).
- 3.6 The Care Home sector has also faced rising fuel costs; central heating is commonly in use for the majority of the year in most care homes. Similarly food costs have increased substantially in 2022 and Care Home providers are seeking to pass these costs on; it has become increasingly difficult to place clients at the Council's set rates and as of May 2022 only 17% of service users are in care homes at the Council's set rates.
- 3.7 Other ongoing rising costs that providers continue to experience are the increase of National Insurance rates by 1.25% for both employees and employers, the Real Living Wage increasing by 4.2% from £9.50 to £9.90 and the National Minimum Wage increased by 6.6% from £8.91 to £9.50.
- 3.8 The Council's set rate for Home Care provision is now £19.11 per hour and the increase of an additional approximate 5% to bring this up to £20.07 per hour will help to support the sector and bring rates along the coastal strip more into line across Sussex.

- 3.9 The Council's set rate for Care Home provision is now £612 per week and by increasing these set rates by an approximate further 2% we would look to support further purchasing at these rates while at the same time supporting those home already on these rates. The increase to £624 per week would provide an annual increase of £625 per person.

#### **4. Analysis and consideration of alternative options**

- 4.1 It is proposed that by utilising the 2022-23 'Market Sustainability and Fair Cost of Care Fund' made available to Local Authorities for Care Homes and Home Care that the Council can deliver on the government's requirements to move towards a fair cost of care and to stabilise and develop markets. Alongside this the Council has appointed a Project Manager to oversee the three-year Fund.

#### **5. Community engagement and consultation**

- 5.1 The Council and the NHS Brighton and Hove Clinical Commissioning Group (partners to the care home and home care contracts) are committed to co-production. Regular Care Home Forums and Home Care meetings are held where provider organisations can raise issues which includes fee rates.
- 5.2 The annual Social Care and Support Services survey for clients is resuming this year and the responses from it are always considered by the Council's ASC Commissioning & Contracts Team.
- 5.3 Extensive engagement is also underway with stakeholders, clients and carers regarding the re-commissioning of the new Care Home and Home Care contracts. This will also support the 'Market Sustainability and Fair Cost of Care Fund' work.

#### **6. Conclusion**

- 6.1 Despite the considerable financial pressures on the Council and the support measures put in place to assist the provider market during the last two years, the Council recognises the ongoing rising costs and pressures that providers continue to experience.
- 6.2 As regards Home Care providers the pressures are focused on recruitment and retention of staff and seeking a greater parity with our neighbouring authorities to be able to attract staff into the sector. The 5% increase proposed creates a more level playing field and a sustainable rate on which to re-commission Home Care.
- 6.3 With reference to the Care Home sector, enhancing the set rate by 2% helps Adult Social Care efforts to buy care home placements at the set rate. However, the fair cost of care work undertaken this year should establish the real cost of care locally and support the Council to set a fair cost of care for care homes going forwards.

## **7. Financial implications**

- 7.1 The proposed increase of an additional 5% to Home Care providers hourly set rates and an additional 2% to 65+ Care Home placements on set rates, will be funded by the Fair Cost of Care fund for 2022/23. The total allocation from this fund for Brighton & Hove City Council is £0.829m for 2022/23. It is advised by DHSC that 75% of the funding should be applied to fee uplifts for both 65+ care homes and home care provision and the proposals fulfil these criteria.
- 7.2 The changes proposed will result in an increased Community Care spend of £0.6m, but ongoing funding will need to be identified in the Council's Medium Term Financial Strategy beyond 2022/23.

*Finance Officer Consulted: Sophie Warburton Date: 19/05/2022*

## **8. Legal implications**

- 8.1 It is a function of the Adult Social Care and Public Health Sub-Committee to make Council decisions about Adult Social Care in Brighton and Hove. The Council has statutory duties under the Care Act 2014 to ensure that there is sufficient provision of a diverse range of services to meet people's social care and support needs and ensure there is a varied, viable and sustainable market of social care providers able to deliver the required services both now and in the future.
- 8.2 The Council is required to use the Market Sustainability and Fair Cost of Care Fund to improve sustainability of the 65+ care home and 18+ domiciliary care markets. Local authorities are expected to use at least 75% of allocated funding in 2022 and 2023 to increase its fee rates paid to providers offering such provision. The proposed increases may require modifications to the contracts but these will be permitted by the Public Contracts Regulations 2015.

*Lawyer Consulted: Sara Zadeh Date: 31/05/2022*

## **9. Equalities implications**

- 9.1 This funding will have an impact in ensuring that some of the most vulnerable members of our community in Brighton and Hove receive good quality, effective care and support services and will contribute to reducing health inequalities. An uplift in fees will also provide support for an increasingly fragile market (both locally and nationally) and demonstrates a commitment to provide support for both service users and some of the lowest paid members of the local workforce.
- 9.2 Equalities Impact Assessments are currently being conducted as part of the recommissioning process for both the Care Home and the Home Care contracts.

## **10. Sustainability implications**

- 10.1 There are no specific sustainability implications for this report; it does not include changes to services.
- 10.2 Sustainability implications are part of the recommissioning process currently underway for both care homes and home care.

## **Supporting Documentation**

- 1. Appendix 1 – Fee Rates Table**

## Appendix 1

### Fee Rates Table 2022-23 (updated for 65+ Care Homes and 18+ Home Care)

Service	Current Fee 2022-23	Proposed NEW fee from 4 <sup>th</sup> July to end 2022-23	uplift
<b>Care Homes and Care Homes with Nursing – set rates only</b>			
In city 65+ care homes – set fees per week	£612	<b>£624</b>	<b>2%</b>
In city 65+ care homes with nursing – set fees per week	£821.19 inclusive of FNC at £209.19	<b>£833.19</b> inclusive of FNC £209.19	<b>2%</b>
<b>Home Care</b>			
Home care main area/back up provider - core fee	£19.11	<b>£20.07</b>	<b>5%</b>
Home care main area/back up provider – enhanced fee	£21.25 (subject to CCG approval)	<b>£22.31</b> (subject to CCG approval)	<b>5%</b>
Dynamic Purchasing System Approved Provider Packages	Variable ( <i>but no less than Main/Back-up rates</i> )	Fees lower than £20.06 to be uplifted to the new minimum rate of £20.07	