



*Although a formal committee of the city council, the Health & Wellbeing Board has a remit which includes matters relating to the Clinical Commissioning Group (CCG), the Local Safeguarding Board for Children and Health Watch. Papers come from a variety of sources. The format for Health & Wellbeing Board papers is consequently different from papers submitted to the city council for exclusive city council business.*

## **1. Fees to Providers 2016**

- 1.1. The contents of this paper can be seen by the general public
- 1.2. This paper is for the Health & Wellbeing Board meeting on the 2<sup>nd</sup> February 2016.
- 1.3. Author of the Paper and contact details:

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## **2. Summary**

- 2.1 This paper outlines current fees paid to independent, voluntary and community care providers. It makes recommendations for fees to be paid from April 2016 and dates when fees are reviewed. Services affected are care providers and potentially vulnerable adults for whom they provide care and support.

## **3. Decisions, recommendations and any options**

- 3.1 The recommendations for fees uplifts are set out below in Table One. There is a new rate system being introduced in September 2016 when fees will be reviewed to cover additional costs such as living wage and to ensure sustainability. Following this all will be reviewed annually for implementation in April.

Table One Recommendations

Fee area	Implementation Date			
	April 2016	Sept 2016	April 2017	April 2018
Care Homes in city set rates	2% uplift	Implement new rate system	To be reviewed	To be reviewed
Care Homes in negotiated rates	No uplift			
Care Homes out of city set rates	Match host Authority	To be determined		
Care Homes out of city negotiated rates	No change	To be determined		
Home Care	2% uplift	Implement new rate system	To be reviewed	To be reviewed
Shared Lives	2% uplift	No uplift	To be reviewed	To be reviewed
Direct payments	2% uplift	Alignment with core home care	To be reviewed	To be reviewed
Other service areas	No change	no	To be reviewed	To be reviewed

*Note: These uplifts are high-lighted in the report*

3.2 If the above recommendations are not agreed, or if the board wishes to amend the recommendations, then the item will need to be referred to the Policy & Resources Committee meeting on 11th February to be dealt with as part of the overall budget. This is because the budget is being developed on the assumption that the fees and charges are agreed as recommended and any failure to agree, or a proposal to agree different fees and charges, will have an impact on the overall budget, which means it needs to be dealt with by the Policy & Resources Committee as per the requirements of the constitution. This will not stop the board from making recommendations to P&R

## 4 Relevant information

- 4.1 This paper sets out the issues concerning fee levels and makes recommendations on fee uplifts. Fees are those paid to independent 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.
- 4.2 It includes fees paid to providers of care services for older people, adults with a learning disability, adults with mental health needs and people

with physical disabilities. Service providers include registered care homes, supported accommodation, home care and community support, community service and direct payments. Terminology used in this Paper is detailed in Appendix One

#### 4.3 Overview of the market

- Hospitals are discharging people earlier and care providers are increasingly caring for people with complex and multiple needs.
- The community struggles more than ever to respond to demand. Recruitment in both the home care and care home sector is difficult for a large number of providers.
- 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.
- Two contracted home care providers have left the market in the last year.
- The home care contract is being re-tendered and a new contract will be in place from September 2016.
- Following recent legislation employers will be required to pay a minimum of £7.20 from April 2016 rising to £9 an hour by 2020. Locally there is a commitment to the Living Wage Foundation which currently requires a minimum £8.25 per hour.

#### 4.4 Finances

4.4.1 The Council has developed draft 4 year budget proposals which will be considered by Budget Council on 25 February 2016. The Council faces a significant financial challenge over the medium term and has to balance the predicted gaps arising from reducing government grant support against projected growth in service demands and complexity (mainly social care) and cost increases (inflation) alongside encouraging good practice by ensuring proposed fee rates reflect living wage and other recommendations.

##### **Fees paid to providers**

#### 4.5. Overview of how fees are paid

4.5.1 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 the council pays set rates for a placement ie care homes for older people and older people with mental health needs. Some providers have expressed



concern that prices paid by councils do not reflect the real cost of care. The debate has tended to be different in care homes where fees are individually negotiated e.g. those for people with a learning disability. In these homes fees tend to be higher, sometimes significantly higher.

4.5.2 Currently both set fees paid to care home and home care providers are constructed in a way that has developed over a number of years. Stakeholders generally agree there is little transparency, which makes determining whether or not they are reasonable, a difficult task. See Appendix Two for 2015-6 In-city care home fees paid to providers

#### 4.6 Projects to determine fee levels and implementation dates

4.6.1 In order to get a better understanding of the cost of care the Council and Health commissioners are working with stakeholders to construct a methodology for fee calculation. This has been complex and included analysing national rates and the 'real' rate. A local overlay to the information will be added which has included use of a survey and a focus group is informing this process. This work is currently in progress and the outcome will be known in the summer of 2016. .

4.6.2 The new, simpler fee structure will require a system overhaul that will include a different use of the Care Matching Service and the introduction of a new 'micro commissioning' system, also known as a Dynamic Purchasing System. This is a web based procurement route used to award contracts for specific individual packages of care or placements. The new fee structure will be used for all new adult home care and care home packages of care and placements. The same intelligence will be used to inform both the new care home and new home care rates.

4.6.3 The new home care contract will be in place by September 2016. This will include the new home care fee. New care home rates will be ready for implementation in September 2016. The recommendation to the Health and Wellbeing Board April / May 2016 will be for a further uplift.

4.6.4 As some parts of the market are struggling financially it is recommended that some care home and home care fees are uplifted in April 2016, before the new fees system is introduced in September 2016.

4.6.5 The recommendation is for in city care homes and home care to be reviewed:

- April 2016 uplift
- September 2016 new fees system
- April 2017 and April 2018 fee reviews



## Proposals for fee increases in April 2016

### 4.7 Learning Disability services and Dynamic Purchasing

4.7.1 Fees for learning disability care homes have no set rates and can vary significantly according to provider and individual users' 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.

4.7.2 In the future learning disability care home fees will be considered as part of the broader work taking place. Placements for these services will be included for consideration on the Dynamic Purchasing System.

### 4.8 Care homes

4.8.1 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 generally understands the reasons for this. **It is recommended therefore, that there is no uplift to providers of care homes where there are no set fee rates**

4.8.2 Residential and nursing homes in the city that accept set rates are under pressure. A number of smaller providers have left the market and others are seeking to do so. The new fee structure from September 2016 will help providers. It is likely to include an uplift that is greater than 2%. Action to support providers is needed before the new structure is implemented. The Brighton and Hove Registered Care Association (RCA) has been lobbying the Council, Elected members and this Board to make the point that, 'The fees are well below the true cost of providing care for vulnerable older people'. **It is recommended that there is an uplift of 2.0 % for all registered care homes where set rates apply. This would apply to both residential and nursing homes from April 2016 through to September 2016**

4.8.3 It has long been recognised that each local area best understand their market. **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.** It is also recommended that any adjustment to these rates is reflected in any third party payments which apply.

4.8.4 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.

4.8.5 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.

#### 4.9 Home care

4.9.1 The current home care fee is outlined below.

AGENCY	<i>Standard Care</i>	<i>Special Care</i>
<b>60mins</b>	<i>£15.10</i>	<i>£17.14</i>
<b>45 &amp; 30 mins.</b>	<i>Pro-rata</i>	<i>pro-rata</i>
<b>15mins</b>	<i>£6.22</i>	<i>£7.24</i>
<b><i>Beyond 8pm</i></b>		
<i>60 mins</i>	<i>£15.61</i>	<i>£17.65</i>
<i>45&amp; 30min</i>	<i>Pro-rata</i>	<i>pro-rata</i>
<i>15 mins</i>	<i>£6.73</i>	<i>£7.85</i>

4.9.2 The current standard rate fee is £15.10 per hour for Brighton & Hove main providers with an enhanced rate of £17.14 per hour.

4.9.3 Overall the percentage uplift from September 2016 is likely to be greater than 2%, but will be agreed as part of the Permission to Tender for Home care report coming to the Health and Wellbeing Board also in February 2016. Further to this fees will again be reviewed for adjustment in April 2017.

4.9.4 **An uplift of 2% on the current fee is recommended April 2016 through to September 2016**

*Note for system reasons percentage uplift figures need to be divisible by four - see Appendix Three*

#### 4.10 Direct payments

4.10.1 The commissioning intention is to align direct payments that are used to purchase home care from an approved home care agency, to the new home care core rate. This will make direct payments attractive to potential users and simple to administer. Currently there is a small variation between rates which has the potential to deter potential users taking up direct payments. It also causes significant administrative problems. **The recommendation is an uplift of 2% on the current fee in April 2016 through to September 2016, then an alignment with the core home care rate.**

4.10.2 This recommendation is supported by the general manager with responsibility for Self-Directed Support.

#### 4.11 Shared Lives

4.11.1 A key area of growth is Shared Lives. In order for this service to continue expanding **it is recommended a 2% paid to providers of this service April 2016-7.**

#### 4.12 Service contracts

4.12.1 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 was used for many 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. Both council and NHS commissioners are continuing to work with providers to make efficiencies on an individual basis. **There is no recommendation for a change of fee rate for service contracts.**

#### 4.13 Additional benefits

4.13.1 It is recommended that the current systems of additional benefits paid to providers remain in place. This includes Brighton & Hove City Council continuing to fund and provide a range of training and targeted advice sessions eg fire evaluations that are free to access and which are much appreciated by providers. The council also provides advice and support relating to fire compliance and health and safety. There is also funding for flu vaccines for front line care workers.

#### 4.14 Providers experiencing financial difficulty

4.14.1 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.

#### 4.15 Other Areas

4.15.1 Other local areas are also modelling rates that they will set. The early indication is that this is a more complex picture than in previous years and a number of areas continue to consider their offer.

### 5. **Important considerations and implications**

#### Legal

5.1 It is a function of the Health and Well Being Board to oversee and make decisions concerning Adult Social Care in the City. The Local Authority has a duty pursuant to Section 5 of the Care Act 2014 to ensure there is a varied and sustainable market available to meet the needs of all persons in its are with care and support needs both now and in to the future. In securing adequate and quality provision to meet care and support needs the responsible public bodies must have regard to individuals' Human Rights in accordance with the Human Rights Act 1998

Lawyer: Sandra O'Brien

Date 30.12.2015

#### Finance

5.2 The proposed increases in Home Care rates are discussed in the 'Permission to Tender for Home Care' report presented at this meeting and include the financial impact. The fee uplifts of 2% proposed for Direct Payments and Shared Lives are within the proposed 2016/17 budget assumptions

5.3 The proposed increases in Care Home rates will initially be covered by inflationary uplifts applied to budgets until new rates are set from September 2016. Collaborative working with Care Home providers across the city is on-going to determine a sustainable fee model, which will incorporate the UK living wage, for an implementation date of September 2016. Care Homes who are not on set rates will receive no uplift until the new rating system is implemented in September 2016, the savings that result will be used to alleviate the budget pressures from the increasing number of placements.

- 5.4 The recommendations for new rates from September will be the subject of a further report which will include an assessment of the financial impact.

Finance Officer Consulted

Anne Silley

Date 22/12/15

### Equalities

- 5.5 An Equalities Impact Assessment has been completed.

### Sustainability

- 5.6 This paper recommends fees that recognise Council and NJHS budget pressures and keep providers sustainable.

### Health, social care, children's services and public health

- 5.7 There has been engagement with Commissioners in the Clinical Commissioning Group and Public Health Commissioners - see below
- 5.8 This paper has minimal impact on Children's Services

## **6 Supporting documents and information**

### **Engagement**

- 6.1 This report has been shared:

6.1.1 The **Clinical Commissioning Group** is broadly in support of the recommendations in this report

6.1.2 The **Public Health** Business Manager confirmed that Public Health does not intend to provide uplift to its service contracts in 2016.

6.1.3 **Corporate Policy, Performance and Communities** indicated that it is important that Adult Social Care and CCG Commissioners continue to work with users of services and providers to make efficiencies on an individual basis. They highlighted the importance of balancing efficiencies with quality, social value and overhead costs being taken into account in future reviews.

6.1.4 This report has been shared with **Healthwatch Brighton and Hove**. Their comments are below:

6.1.4.1 The proposals to uplift set rates by 2 % from April 2016 to Sept 2016 should address any pressures arising from inflation (projected to be



below 2%). However, service users are expressing concerns about quality of care and it is difficult to comment on whether the fees will be sufficient to ensure quality care, particularly where needs are complex. Healthwatch Brighton and Hove therefore welcome the further work the Council and Health Commissioners are undertaking with stakeholders to construct a methodology for fee calculation with a view to further revisions to the fee structure from September 2016, and will be happy to comment on this in due course.

- 6.1.5 The **East Sussex, Brighton & Hove Registered Care Association** broadly supports the recommendations in the Fees to Providers 2016 Report. They welcome the collaborative approach taken to determine a sustainable fee model and they are keen to ensure that the increase in September 2016 reflects the living wage of £8.25 as set by the Living Wage Foundation. However, to enable care home providers to pay this, a very substantial increase in fees would be required. For the record the Laing Buisson report “Fair Price for Care” 6th edition, Oct 2014 to Sept 2015, states that the lowest fair fees are £554 per week for residential care, older people and £591 per week for residential care, dementia. The highest set rates currently paid by Brighton & Hove City Council are £474.70 per week and £529.38 per week respectively.

### Terminology

- *Dynamic Purchasing System* is the procurement route used to award contracts for specific individual packages of care or placements.
- *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

### 2015-6 In-city care home fees paid to providers

Residential Care Homes for Physical Support 65-74, 75-84, 85+ Negotiated rates and Memory/Mental Health 65-74, 75-84, 85+ Negotiated rates

Residential Care Homes for Physical Support 65-74, 75-84, 85+	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 65-74, 75-84, 85+ Negotiated 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 65-74, 75-84, 85+ Negotiated rates and Memory/Mental Health 65-74, 75-84, 85+ Negotiated rates

Weekly rate including social care rate for FNC

Care homes with Nursing for Physical Support 65-74, 75-84, 85+ Negotiated Rates	Weekly Rate 2014/2015	% increase	Weekly Rate 2015/2016
Shared room	£539.89	1	£545.29
Single room	£577.89	1	£583.67
Care homes with Nursing for Memory/Mental Health 65-74, 75-84, 85+ Negotiated Rates	Weekly Rate 2014/2015	% increase	Weekly Rate 2015/2016
Shared room	£590.89	1	£596.80
Single room	£628.89	1	£635.18

FNC	Weekly Rate 2014/2015	% increase	Weekly Rate 2015/2016
Single Nursing Band	£110.89	1	£112.00
Contenance Payment	£6.90		£6.90

Weekly continuing health care base line fee rates for 2015/2016 for in city nursing homes for physical support 65-74, 75-84, 85+ Negotiated rates and memory/mental health 65-74, 75-84 and 85+ negotiated rates

Care homes with Nursing for Physical Support 65-74, 75-84, 85+ Negotiated Rates	Weekly Rate 2014/2015	% increase	Weekly Rate 2015/2016
Shared room	£581.20	1	£587.02
Single room	£619.20	1	£625.40
Care homes with Nursing for Memory/Mental Health 65-74, 75-84, 85+ Negotiated Rates	Weekly Rate 2014/2015	% increase	Weekly Rate 2015/2016
Shared room	£632.20	2	£643.33
Single room	£670.20	2	£682.09

  

Block (38 beds): Partridge House	Memory and mental health 65-74, 75-84, 85+ negotiated rates NH	£811.97 (continence payments are included in the above price)
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### System Demands

The Adult Social Care database (Carefirst) and the Electronic Call Monitoring System and Payment system (CM2000 and Finance Manager) need to match in order to pay the home care providers in a timely manner. Currently Carefirst rounds down to the nearest pence and ECMS rounds up. In order to resolve this, the standard and special homecare rates need to be divisible by four (to two decimal places) for the hour, half hour, quarter hour and three quarter hour calls. This means that if a percentage fee increase is agreed, the actual home care rates need to be adjusted up to the nearest figure that is divisible by four.