

## **Cabinet –9 December2020**

### **Adult Social Care Market Uplifts 2021-2022**

**Portfolio:** Councillor Rose Martin

**Related portfolios:** All

**Service:** Adult Social Care

**Wards:** All

**Key decision:** Yes

**Forward plan:** Yes

#### **1. Purpose**

This report seeks to inform Cabinet of a3-year strategicapproach to undertaking market uplifts across the Adult Social Care commissioned services market; to request approval to implement the recommended proposition detailed within the report.

#### **2. Summary**

- 2.1 Cabinet approved significant investment across the provider market linked to the current financial year (2020-2021). This was following an extensive open book accounting exercise, which evidenced a marked differential in the unit costs Walsall paid to its social care community and residential and nursing market as compared with our regional neighbours. In order to redress this balance and place particular emphasis on improving the quality and capacity of the market to deliver care to vulnerable adults, who are assessed as requiring care and support, Cabinet approved a significant investment.
- 2.2 However, the unforeseen consequences of the global pandemic - Covid-19, has severely impacted on the social care provider market, as focus shifted to supporting our vulnerable adults, during these unprecedented times. During this period the Walsall social care provider market, have been additionally supported to sustain the delivery of services through a range of means, including significant additional financial support – via central government COVID-19 targeted grant monies and localised, interim revisions to the way the market were paid, so in effect the relaxation of usual payment validation processes, favouring sustaining the provider market (in line with the published Policy and Procurement Note 04/20– detailing support to the provider market

during COVID-19), alongside the Care Act 2014 interim easements, which sought to ensure vulnerable adults continued to be appropriately supported.

- 2.3 Through the aforementioned, open book accounting exercise undertaken to inform financial uplifts, which aligned market unit costs with regional compactors and in parts placed Walsall social care providers, at the upper part of regional table in relation to rates paid. In conjunction with the additional support the market have received due to COVID-19, both of a cashable and non-cashable nature. As well as the desire to provide the market with a more medium term forecast of how the Council will consider future uplifts, thus enabling the provider market post COVID-19 to utilise this intelligence to inform their future business planning, Cabinet are requested to consider an uplift approach which spans a 3 year period, rather than the historical 1 year, short term approach.
- 2.4 Through adopting an approach to market uplifts, which is predicated on medium term, aligned to the financial value associated with 2020-21 uplift, which brought greater equalisation across the provider market regionally and the aforementioned additional support as a result of COVID-19, this positions the Council to propose a modest uplift for the next financial year and thereafter. Alongside a stronger emphasis on targeting uplifts to sectors appropriately.
- 2.5 Cabinet are asked to consider four options that have been developed, detailed below, which incorporate a 3 year tiered approach to market uplifts, starting at 1% and give the option to increase to 1.5% and 2% in subsequent years.

### **3. Recommendations**

- 3.1 That Cabinet approves option one: 1% uplift against existing rates is applied in 2021-2022 (as detailed in section 4.7 table 1). This will require an investment of £803,679 for 2021/22.
- 3.2 That Cabinet approves delegated authority to the Executive Director of Adult Social Care in consultation with the Portfolio Holder of Adult Social Care to enact these recommendations, including authorising any contract variations or other appropriate contractual arrangement to administer these uplifts, and to subsequently authorise the sealing or signing of any associated contracts, deeds or other related documentation.

### **4. Report detail – Know**

- 4.1. During 2019/2020, the Council undertook an Open Book Accounting Exercise across Adult Social Care Provision. As a result of the Open Book Accounting Review, the Council made a substantial investment of £3.997m, to enable rates to be increased for 2020-2021 for the whole sector. This uplift acknowledged the National minimum wage and pension increases, providers would have to meet from 1 April 2021. This also corrected and tackled the

historically low rates present in the local provider market, particularly for domiciliary care and this supported and sought to improve the quality, capacity and the sustainability of the local market.

- 4.2. The Covid-19 Pandemic has caused major disruption to the care provider market during 2020-2021. National and local funding sought to cushion the impact and ensure the quality of care delivered, alongside sustainability of provision. We are of course yet to understand the full impact of market provision required in future years as a result of COVID-19. Adult Social Care's response to Covid-19, included measures which considered quality provision, provider cash flow and sustainability. Walsall Council provided support to local care providers, both financially and in-kind, including payment against planned care levels, rather than payments for actual care time delivered, across domiciliary care provision and implemented a process to support additional provider expenditure, this enabled all care providers to access support for additional Covid-19 related expenditure. The Government's Covid-19 Adult Social Care Infection Control Fund allocation to Walsall of £2.29m was distributed to residential and nursing providers and domiciliary care providers, with 75% of these allocation awarded to residential and nursing providers and 25% to domiciliary care providers. Further additional funding from the Government's Covid-19 Adult Social Care Infection Control 2 funding allocation to Walsall of £2.34m has also been announced, 80% of which is to be distributed to care providers by formula and 20% by identified needs.
- 4.3. To ensure the Council do not inadvertently place additional pressure on the provider market and because of the disruption to activity, as a consequence of Covid-19, a number of existing contracts have been extended, to allow time for the Council to consider a potential remodelling of the requirements, utilising the vehicle of a strategic needs assessment. Cabinet has already approved the award of a new contract for Residential and Nursing for Older People, Complex Care and Mental Health from 1 October 2020 to 31 March 2023; approved the extension of the CBS Framework from 1 April 2021 to 31 March 2023; and the extension of contracts for the Transitional beds from 1 October 2020 to 30 September 2021. A commissioning review of transitional beds (linked to replacement care) is currently underway.
- 4.4. The substantial investment in the local market for period 2020-2021 and the aforementioned support provided as a result of Covid-19, contributes to the Council being able to make more informed decisions about market uplifts, whilst also considering the substantial savings of £33.6m in the Council budget for 2021–2022. Taking a more strategic, medium term approach to the considerations on provider rates, will enable the Council to exert further control over its budget during this time; give assurance to the market about our intentions, through a tiered approach to uplifts; and undertake a wider strategic commissioning reviewing of future services required post COVID-19.
- 4.5. Four market uplift options have been modelled, based on providing market uplifts over the next 3 years as detailed below (section 4.8 – 4.11).

- 4.6. Cabinet are also asked to note, there is one additional area of activity where uplifts are required, as part of the contract's terms and conditions. This relates to the contract the Council holds with Housing & Care 21 'for the provision of care services in Walsall'. This was procured as Private Finance Initiative (PFI) project and contains inflationary increases as this has a 30 (thirty) year term. This contract is uplifted each April by the RPIx in the preceding February. Assuming an increase of say 2% will cost an estimated £211,000.

#### **Option 1–Commissioned Services Receive a 1% Uplift**

- 4.7. A 1% uplift against existing rates is applied in 2021-2022, this will require an investment of £803,679 for 2021-2022. All elements of the market will be treated the same, in recognition of the impact the pandemic has had on the local provider market. Table 1 details impact of option 1.

Table 1

<b>Area</b>	<b>2020/21 Forecast £</b>	<b>1% uplift on 2020/21 £</b>
Residential/ Nursing	30,829,672	308,297
Domiciliary Care	16,224,327	162,243
Direct Payments	14,584,567	145,846
Supported Living	15,224,383	152,244
Day Care	198,622	1,986
Shared Lives	1,484,481	14,845
Reablement & Rapid Response	1,821,768	18,218
<b>Totals</b>	<b>80,367,820</b>	<b>803,679</b>

Table 2

#### **Option 1 – Modelled over Proposed 3 Year Settlement**

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>Area</b>	<b>1% uplift on 2020/21 £</b>	<b>1.5% uplift on 2021/22 £</b>	<b>2% uplift on 2022/23 £</b>
Residential/ Nursing	308,297	467,070	632,101
Domiciliary Care	162,243	245,799	332,647
Direct Payments	145,846	220,956	299,027
Supported Living	152,244	230,649	312,146
Day Care	1,986	3,009	4,072
Shared Lives	14,845	22,490	30,436
Reablement & Rapid Response	18,218	27,600	37,352
<b>Totals</b>	<b>803,679</b>	<b>1,217,573</b>	<b>1,647,781</b>

#### **Option Two –0% uplift for Supported Living during 2021-2022 and 1% for other commissioned care provision**

- 4.8. This option will require an investment of £651,435 for 2021-2022.

- 4.9. Context –the current supported living contract, was implemented in January 2020. Supported Living providers were able to identify the costings of their services, as part of this tendering process and were given a 1% uplift in April for period 2020-2021. However, these costings were identified prior to the national minimum wage and pension requirements as of April 2021, so may not be reflective of current costs, although our supported living market have not currently raised this as a concern. Table 3 details financial impact for 2021-2022 and Table 4 details the 3 year impact based on current budgetary envelope and spend.

Table 3

Area	2020/21 Forecast £	1% uplift on 2020/21 £
Residential/ Nursing	30,829,672	308,297
Domiciliary Care	16,224,327	162,243
Direct Payments	14,584,567	145,846
Supported Living	15,224,383	0
Day Care	198,622	1,986
Shared Lives	1,484,481	14,845
Reablement & Rapid Response	1,821,768	18,218
<b>Totals</b>	<b>80,367,820</b>	<b>651,435</b>

Table 4

#### Option 2 – Modelled over Proposed 3 Year Settlement

	2021/22	2022/23	2023/24
Area	1% uplift on 2020/21 £	1.5% uplift on 2021/22 £	2% uplift on 2022/23 £
Residential/ Nursing	308,297	467,070	632,101
Domiciliary Care	162,243	245,799	332,647
Direct Payments	145,846	220,956	299,027
Supported Living	0	228,366	309,055
Day Care	1,986	3,009	4,072
Shared Lives	14,845	22,490	30,436
Reablement & Rapid Response	18,218	27,600	37,352
<b>Totals</b>	<b>651,435</b>	<b>1,215,290</b>	<b>1,644,690</b>

#### Option 3 - 0% uplift applied for Residential & Nursing and 1% across other care elements

- 4.10. This option would require an investment of £495,382 for 2021-2022.
- 4.11. Residential and nursing providers have been particularly impacted by Covid-19. This sector have also been significantly supported during this period.

There is currently significant capacity in this market and the majority of this market levy additional costs on top of contracted rates (over 60%). The 2020 - 2021 uplift to this sector sought to reduce the disparity of rates across this provision and close the gap of highest and lowest paid providers. Early discussions with parts of this market indicate two considerations: there is an appetite to diversify business interests, so as to grow the extra care type provision across the borough and plans to exit the market completely. Walsall's residential sector CQC's ratings in the main are below the standard we as a Council would want for our vulnerable adults.

- 4.12. Table 5 details financial impact of this option for year 2021-2022 and Table 6 details financial impact over 3 years based on current budgetary envelope and spend.

Table 5

Area	2020/21 Forecast £	1% uplift on 2020/21 £
Residential/ Nursing	30,829,672	0
Domiciliary Care	16,224,327	162,243
Direct Payments	14,584,567	145,846
Supported Living	15,224,383	152,244
Day Care	198,622	1,986
Shared Lives	1,484,481	14,845
Reablement & Rapid Response	1,821,768	18,218
<b>Total</b>	<b>80,367,820</b>	<b>495,382</b>

**Modelled over Proposed 3 Year Settlement**

Table 6

	2021/22	2022/23	2023/24
Area	1% uplift on 2020/21 £	1.5% uplift on 2021/22 £	2% uplift on 2022/23 £
Residential/ Nursing	0	462,445	625,842
Domiciliary Care	162,243	245,799	332,647
Direct Payments	145,846	220,956	299,027
Supported Living	152,244	230,649	312,146
Day Care	1,986	3,009	4,072
Shared Lives	14,845	22,490	30,436
Reablement & Rapid Response	18,218	27,600	37,352
<b>Totals</b>	<b>495,382</b>	<b>1,212,948</b>	<b>1,641,522</b>

**Option 4 –0% for Supported Living and Residential & Nursing, 1% uplift across other care elements**

- 4.13. This will require an investment of £343,138 for 2021-2022.

- 4.14. This option brings together options 3 and 4. Table 7 details financial impact for financial year 2021-22 and Table 8 details financial impact over 3 year period based on current budgetary envelope and spend.

Table 7

Area	2020/21 Forecast £	1% uplift on 2020/21 £
Residential/ Nursing	30,829,672	0
Domiciliary Care	16,224,327	162,243
Direct Payments	14,584,567	145,846
Supported Living	15,224,383	0
Day Care	198,622	1,986
Shared Lives	1,484,481	14,845
Reablement & Rapid Response	1,821,768	18,218
<b>Total</b>	<b>80,367,820</b>	<b>343,138</b>

#### Option 4 – Modelled over Proposed 3 Year Settlement

Table 8

	2021/22	2022/23	2023/24
Area	1% uplift on 2020/21 £	1.5% uplift on 2021/22 £	2% uplift on 2022/23 £
Residential/ Nursing	0	462,445	625,842
Domiciliary Care	162,243	245,799	332,647
Direct Payments	145,846	220,956	299,027
Supported Living	0	228,366	309,055
Day Care	1,986	3,009	4,072
Shared Lives	14,845	22,490	30,436
Reablement & Rapid Response	18,218	27,600	37,352
<b>Totals</b>	<b>343,138</b>	<b>1,210,665</b>	<b>1,638,431</b>

#### Council Corporate Plan priorities

- 4.15. The direct link to the Council's People and Communities corporate priorities: *People live a good quality of life and feel they belong; people know what makes them healthy and they are encouraged to get support when they need it; and communities are prospering and resilient with all housing needs met in safe and healthy places that build a strong sense of belonging and cohesion.*

#### Risk Management

- 4.16. As part of ongoing market management, risks will be identified (and managed) on an ongoing basis through formal contract and informal support arrangements. Alongside strategic commissioning considerations in relation to the future of the care market provision.

- 4.17. Cabinet are also asked to note specific risks may arise in relation to market perception and response to the value of the uplift proposed, which could result in a risk of challenge from the provider market; the risk of provider failure is also a consideration.
- 4.18. Cabinet are also asked to note a further risk, could be the impact of an increase in national minimum wage – which would directly affect care staff deployed. This could mean the Council will be required to review its unit costs for care across the provider market and so in turn review our approach and the budgetary envelope available.

### **Financial implications**

- 4.19. The cost of the preferred option 1 in the uplifts to the discretionary service areas in 2021/22 is £803,679. There is also a contractual requirement to make an increase in the rate paid to Housing Care 21, based on an increase of 2% it is estimated this will cost £211,000. Should these uplift proposals be approved then this additional investment requirement will be used to inform the Council's 2021-22 budget.

### **Legal implications**

- 4.20. Our approach is Care Act 2014 compliant and supports the statutory responsibility to manage the Adult Social Care market and prevent provider failure.

### **Procurement Implications/Social Value**

- 4.21. Council contracts pertaining to the care sectors covered in this report, specify the Council is not required to award annual uplifts. Any uplift award is superseded by any future tender exercises.
- 4.22. Procurement advice will be sought to ensure that any uplifts are administered in line with existing contracts that Council holds, the Council's Contract Rules and Public Contract Regulations (the Regulations).
- 4.23. Where appropriate, contracts will be varied in line with Regulation 72 of the Regulations which sets out in the scenarios under which contracts subject to the regulations can be modified.
- 4.24. Procurement has provided initial advice on the contracts which the Council holds for these Adult Social Care Contracts. On the whole, the decision to provide an uplift is at the Council's discretion, provided that communication is carried out in conjunction with the terms and conditions of the relevant agreement. Procurement will support the directorate to ensure that communication with the social care market is undertaken in a compliant way.
- 4.25. There is one notable exception, where the uplift is required as part of the contract's terms and conditions, which is in the contract the Council holds with Housing & Care 21 'for the provision of care services in Walsall'. This was



procured as Private Finance Initiative (PFI) project and contains inflationary increases as this has a 30 (thirty) year term.

### ***Property implications***

4.26. N/A

### **Health and Wellbeing Implications**

4.27. To support market management in the prevention of provider failure and fund the 'true cost of care' as required under the Care Act 2014.

### **Staffing Implications**

4.28. Beyond implementing Cabinet's decision, none are identified – plans are in place to implement any decision and align this to the annual DWP uprating process and notification of decision vulnerable adults in receipt of council commissioned services.

### **Reducing Inequalities**

4.29. It is of crucial importance to the Council's strategic objectives that people of Walsall are able to access good quality services to meet their outcomes based on their assessed need. An uplift supports providers to invest in their resources to provide good quality care and the Council's responsibilities to the Care Act 2014 specifically around market management. Additionally, alignment of application of Department of Work and Pensions annual uprating, ensures the people of Walsall continue to have current financial assessments in line with Care Act requirements, linked to contribution to care costs.

4.30. An Equality Impact Assessment (EqIA) is not required for this report, as there are no other policies, practices, events and decision-making processes, which impact on sectors of the borough identified as having protected characteristics.

### **Consultation**

4.31. There is no requirement to commence public consultation to provide an uplift.

## **5. Decide**

Cabinet is requested to consider the content and the options detailed in Section 4 of this report and to agree one of the recommendations as outlined.

## **6. Respond**

Subject to Cabinet approval of the recommendations, Adult Social Care will implement the social care market uplifts for 2021-2022, including production of market position statement (an annual requirement of the Council).

## 7. Review

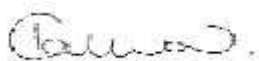
The three-year approach to uplifts will be reviewed annually to ensure it is in line with the Council's Strategic direction. A watching brief will also be maintained on Government approaches to the National Minimum Wage and return to Cabinet if or indeed when required on this issue, should there be a direct impact for care market.

### Background papers

None

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09 December 2020



Councillor Rose Martin  
Portfolio holder Adult Social Care

09 December 2020