

## **Cabinet – 30 April 2014**

### **Fee Levels for Support for Living at Home Services**

**Portfolio:** Councillor McCracken

**Related portfolios:**

**Service:** Adult Social Care and Inclusion

**Wards:** All

**Key decision:** Yes

**Forward plan:** Yes

#### **1. Summary**

- 1.1 The Directorate are seeking to build capacity in the market to improve quality and meet increasing demand for Council funded support for living at home services. This aim will be met in part in the financial year 2014/15 by an increase the fee levels for support for living at home services and address an historical legacy of low fee levels which are unsustainable, whilst a longer term procurement plan for sustainable market development is developed.

#### **2. Recommendations**

- 2.1 That Cabinet approves an increase in fee levels for the financial year from 1 April 2014 to 31 March 2015 for support for living at home services to a minimum of £11.50 per hour for those agencies with historical contractual arrangements below that figure, and for all other providers of these services by an increase of 1%.

#### **3. Report detail**

- 3.1 Walsall Council's SC&I Directorate is commissioning circa 15,000 hours per week of support for living at home care services (primarily to older people, and adults with complex conditions), to over 2,000 service users at a total spend of circa £16 million per year. Support for living at home services includes domiciliary home care for older people and supported living services for adults with complex conditions.
- 3.2 Some 44 homecare providers continue to provide service at fee levels that were originally established as part of contractual arrangements in 2008. Apart from some small percentage annual inflationary increases there has been no adjustment of fee levels to take account of cost pressures such as the rise in the

minimum wage which has increased by twice the level of the Council's fee levels during the last 10 years. These providers clearly are challenged to deliver high quality, reliable and sustainable services to vulnerable people which some have communicated strongly to officers recently.

- 3.3 Work has been progressing for over 12 months by the Joint Commissioning Unit to prepare for a reprocurement of the contract arrangements for the full range of support for living at home services. This process will harmonise historical and existing contract arrangements including fee levels within a sustainable and affordable range. The advent of the Care Act and Children and Families' Act has delayed the immediate implementation of that procurement process.
- 3.4 The original aim was to issue the tender documentation was issued by April 2014 in time for an award of contract at September 2014 followed by a transitional implementation period. However, this timetable is by now unrealistic in delivering stability to the sector, and some further work is also needed to build in the potential impact of the Care Act, and the Children and Families Act. [The current aim is to conclude the new contractual arrangements in time for implementation from April 2015.]
- 3.5 Therefore, there is an urgent need to agree fee levels to take effect from April 2014 whilst the longer term procurement is resolved. The urgency is in addressing issues with the current fee levels, and supporting the arrangements for managing pressures on the health and social care system that are for instance creating delayed hospital discharges through the shortages in homecare agency staff.

#### **4. Council priorities**

- 4.1 Sustaining a range of high quality support for living at home social care services will contribute to the Council priority for supporting people to remain as independent as possible in their own homes.

#### **5. Risk management**

- 5.1 The lack of regular and substantive dialogue with local homecare agencies does run risks of challenge alongside the uncertainty in fees the Council will pay in 2014/15. There had been no inflation or other uplift for the last two years. The agencies will have an opportunity to discuss these matters before the Cabinet considers this report and regular dialogue will be established through the rest of the year.
- 5.2 An increase to the minimum fee level will reduce the level of differentiation in fees and demonstrate that the Council does recognise the need to provide a realistic fee level compared to the costs of provision.

## **6. Financial implications**

- 6.1 The majority of the agencies with fee levels below £11.50 were providing services prior to the latest framework contract which allows agencies to set their own fee level for new cases. They continued to provide a service under a historical and transitional contract arrangement. It is these agencies to which the increase to a minimum of £11.50 should be applied.
- 6.2 An increase to a minimum fee level of £11.50 for providers who had transitional contract arrangements would lead to an annual increased spend of £479k. An increase of 1% for all other homecare providers would amount to a further £104k. The lack of capacity in the sector is leading towards a drift in higher prices, and it is in Council's interests to bring stability to the market in the fees proposed.
- 6.3 Total allowance for price uplifts within the SC&I budget for the financial year 2014/15 was £1.1 million of which £309k has already been allocated in other sectors. There is therefore sufficient allowance within the SC&I budgets for the financial year 2014/15 to allow for the proposed increases in the fee level for support for living at home services.

## **7. Legal implications**

- 7.1 The current contractual arrangements with providers of these support for living at home care services are complicated in that some providers entered into a framework agreement with the Council in 2012 / 2013 and some providers have previously entered into transitional contracts with the Council for interim periods of time, for example where the framework providers have not had capacity to provide the services required. It is proposed that all those providers who currently have not entered into the framework agreement with the Council are offered new interim transitional contracts which will end once the new procurement process has taken place and a new framework agreement is ready to be entered into with all eligible providers. The Council will need to comply with the requirements of legislation and the Council's Contract Rules in entering into these new interim contracts.
- 7.2 Support for living at home services are classified under European legislation as a "Part B" service, meaning that they do not need to be procured following the prescribed European advertising process set out by the Public Contract Regulations 2006 (as amended). However, the Council should still undertake a procurement process and the Council is therefore at risk of challenge by entering into the proposed transitional contracts. This risk of challenge can be reduced by the Council offering transitional contracts to all current providers in the market and by having started the new procurement process for this service in the medium to long term.

## **8. Property implications**

- 8.1 There are no direct property implications for the Council.

## 9. Health and wellbeing implications

- 9.1 Sustaining a range of high quality support for living at home social care services will contribute to maintaining the health and well being of people who need social care services.

## 10. Staffing implications

- 10.1 There are no direct staffing implications for the Council.

## 11. Equality implications

- 11.1 An increase in the fee level will ensure that home care agencies continue to provide support for those people in need of social care services regardless of their circumstances in terms of equality and diversity across all user groups.

## 12. Consultation

- 12.1 All providers of residential care and support for living at home services will receive a written explanation of the basis for the Council's decisions on setting fee levels for 2014/15. A commissioning forum for support for living at home service providers was held in April to provide the agencies in the market an opportunity to discuss the background to the fee increase, and the next tender for this type of service to be in place by April 2015. There was general agreement and endorsement to the proposals and recommendations in this report from the providers.

## Background papers

Support for Living at Home Services – Re-procurement of Contract  
Cabinet October 2013

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