

Cabinet – 21 June 2017

Adult Social Care Increase in Rates 2017/18

Portfolio: Councillor Diane Coughlan

Related portfolios: N/A

Service: Adult Social Care

Wards: All

Key decision: Yes

Forward plan: No

1. Summary

The purpose of this report is to summarise the proposed increase in rates for Residential & Nursing, Community Based Service Framework, Housing & Care 21 Contracts and Direct Payment recipients for 2017/18.

The Improved Better Care Fund (iBCF) Grant for Adult Social Care announced during the Governments Spring 2017/18 Budget has provided an opportunity to review the intended usual rate increases for Adult Social Care market set out in the Councils budget. This report requests authorisation to utilise the iBCF Grant monies to increase the usual rates for Social Care provision beyond that set in the Council Budget.

2. Recommendations

- Approve fee increases to Residential & Nursing, Community Based Services Framework, Housing & Care 21 Contracts and Direct Payment recipients for 2017/18, backdated to April 2017 for non-complex contracts and to April 2016 for complex contracts.
- Note that the fee rates have been set by utilising existing core Adult Social Care budget and additional grant allocation via iBCF.

3. Report detail

3.1 The statutory guidance issued under the Care Act 2014 states that local authorities must focus on outcomes when pursuing market shaping and commissioning. This is set out in the guidance. These include:

- Councils should have regard to guidance on minimum fee levels;
- Councils must not undertake any actions which may threaten the sustainability of the market;

- Councils should assure themselves and have evidence providers deliver services, through staff remunerated to retain an effective workforce.

3.2 In light of the recent government announcement of additional short-term funding for Adult Social Care services there will undoubtedly be increased pressure from providers for substantial increases in rates. However, this funding is only a short-term measure and declines year on year. Furthermore, from 2020/21 there is no detail on any ongoing provision with an anticipated decline in the money available to provide Adult Social Care against rising demand year on year. With this in mind there should be resistance to any calls for large increases in current rates simply because there now appears to be more money available.

3.3 In October 2016 HRMC changed their guidance in relation to the calculation of National Minimum Wage and National Living Wage to effectively interpret sleep-in hours as waking hours. Therefore, the rates that the council pay for sleep-ins will need to reflect an average hourly rate above National Living Wage for all hours provided including those provided through a direct payment, including sleep-in and stand-by hours.

3.4 Although the responsibility for ensuring that staff are paid the NMW/NLW and that tendered rates to the council reflect those costs rests with providers, it is important that we undertake our own evaluation to ensure that where packages include a sleep-in payment that we are satisfied that we are paying an appropriate rate. This is also important so that we can predict the value as best we can of any potential challenge.

The issue of sleep-in payments has already been highlighted as a financial risk, but further modelling is required to quantify this.

3.5 Older People Residential and Nursing

3.5.1 Residential Care services deliver personal care and accommodation to people within a Care Quality Commission (CQC) registered setting.

3.5.2 As at the end of March 2017, there were 808 individuals in receipt of a long term residential or nursing home placements, in addition there were a small number in short term or respite placements. The existing contracts are on a spot purchase arrangement.

3.5.3 A number of the Councils service users will require nursing care and will therefore be cared for in a registered nursing home. The Council does not fund the nursing element of an individual's care package. This is funded and paid directly by the NHS via the Free Nursing Care (FNC) which was £156.25 per week for 2016/17 and which is £155.05 from 1st April 2017.

3.5.4 National intelligence and local provider forums tell us that the main challenges the market is experiencing is the recruitment and retention of staff into the care sector and the rising cost of delivering services.

3.5.5 Staffing represents on average 60% of costs for care providers and is therefore influenced by factors such as the introduction of the NLW and for larger providers

the Apprenticeship Levy. In addition, the ability of providers to recruit and retain staff at the hourly rates offered, means increased recruitment and training costs.

3.5.6 In addition, the RPI has recently increased to 3.1% (office for National Statistics March 2017). This is the highest rate since September 2013 and adds additional expenses into the non-staff costs of a care home

3.5.7 Benchmarking data in relation to usual fees has been reviewed from the West Midlands area. The table below outlines the rates inclusive and exclusive of Walsall

Table 1 - Usual Weekly Fees 16/17

	Residential	Residential EMI	Nursing exc. FNC	Nursing EMI exc. FNC
Walsall 'Usual Rates' 16/17	£ 405.00	£ 450.00	£ 412.45	£ 412.45
Current Walsall Average Cost 16/17	*£458.13	*£458.13	*£518.30	*£518.30
Current West Midlands 'usual rates' (excluding Walsall)	£ 375.63	£ 418.03	£ 483.32	£ 483.32
Current West Midlands Maximum fees	£ 406.80	£ 442.17	£ 518.81	£ 554.18

***Please note; Finance are not able to identify EMI placements from the data which they currently hold.**

3.5.8 Although welcomed by the sector table 2 shows our fees still place Walsall lowest in the West Midlands which encourages placement by border authorities at higher rates thus reducing capacity for local people or a requirement for a top up.

3.5.9 Analysis of the local market as detailed in table 1 shows most placements across the sector, particularly nursing placements, require a top-up and apply different rates to self-funders. This demonstrates the usual rates set by the local authority are not actual rates charged by providers. The benchmarking data indicates that the current rate for nursing care in Walsall is below the regional average.

3.5.10 Information received from the Regional Older Peoples Commissioning Network indicates that local authorities are considering fee increases between 0-4%, with the average being 2.5%, which includes provision for the NLW, and some increase for cost of living. Walsall Council increase in fees is based on a methodology that considers both the increase in the NLW and the increase in Retail Price Index, where contractually required

3.5.11 The NLW is a compulsory wage was £ 7.20 in 2016/17 and rose to £7.50 in 2017/18 for workers aged 25 and over The proposal in relation to NLW is that all providers who are paid the standard rates will receive an increase for 2017/18 equivalent to £0.30 per hour for 22 hours per resident per week, which is £6.60.

3.5.12 Where the fee for an individual placement is based on an assessment of need and individualised staffing levels, the annual increase will be determined following an

open book review and social work review of the placement. These are likely to be specialist services for younger adults with more complex needs.

3.5.13 An increase in the usual rate will assist with:

- A sustainable care and support market;
- Retention and recruitment of high quality staff;
- A reduction in staff turnover;
- An increase in care worker morale and reliability;
- Reduced absenteeism;
- Productivity improvements;
- Reputational benefits;
- For the Council, it means more money being spent on local employees in the local economy.

3.5.14 The recommendation is therefore to:

- Apply the NLW and contractual inflation increase to the nursing care home standard rate as detailed in table 2.
- The previous budget forecast calculated overall increase within residential and nursing will amount to £ 311k and there is no provision for any increase arising from the retendering of residential and nursing care scheduled for 2017.
- To increase the rate for Nursing EMI to reflect the increased costs of providing EMI care, to reflect actual fees already paid and to bring fees more in line with regional benchmarking.

Table 2 – Proposed Usual Rates 2017/18

	Residential	Residential EMI	Nursing exc. FNC	Nursing EMI exc. FNC
Current rates for 2016/17	£405	£450	£412.45	£412.45
Walsall Proposed 'Usual Rates' 2017/18	£ 414	£ 460	£ 500	£ 550

3.5.15 Provision has been made in the 2017/18 budget to meet the inflationary increases of the usual fees. This proposal seeks to secure an additional £ 487,586 of budget from the ASC investment to meet the increased cost. The detail of this is set out in table 3 below.

Table 3 – Additional Budget Allocation required 2017/18

	Residential (inc EMI)	Nursing (inc EMI) exc. FNC	TOTAL
Additional budget required to meet increased costs	105,820	381,766	487,586

3.6 Complex Care Residential & Nursing

3.6.1 The current registered and nursing care contracts have a clause in their existing contract that is linked to inflationary formulae which results in an approximate

annual increase of 1%, we are contractually obliged to meet this. No increase was awarded in 2016/17 and therefore there is a liability of £ 68,476, which has been factored into the cost modelling.

3.6.2 Complex Care providers have approached the council to advise that the tendered prices for the new residential and nursing contracts reflected 2016/17 costs but made no allowance for the HMC guidance changes in October 2016 as they were submitted in the January of 2016.

3.6.3 The impact of NLW, the Apprentice levy and general inflation and pension implications are being given by providers as the main reason for requests for increases ranging between 3 and 6.5%. An increase of 3% is not affordable, and market intelligence does not support the request and therefore it is recommended to increase the 16/17 rate by the same percentage as that awarded to Older People Residential and Nursing EMI contracts (2.22%). Providers will be given the opportunity to reflect their prices in the tender refresh for 2017/18.

Table 4 below shows the financial impact of the proposed increase on complex care clients.

Table 4 – Additional Budget Allocation required 2016/17 & 2017/18

	2016/17	2017/2018	TOTAL
Additional budget required to meet increased costs in Complex Residential & Nursing Care	68,476	116,552	185,028

3.7 Community Based Services (CBS) Framework – Older People, Rapid Response and Reablement

3.7.1 The Domiciliary Care and Direct Payment service delivers care and support to people in their own homes

3.7.2 Following a successful tender exercise Rapid Response and Reablement spot purchase contracts commenced 06/02/2017 with Support for Living at Home contracts commencing on a guarantee arrangement for the older people lot on 03/04/2017. These contracts are on a framework agreement; this establishes terms and conditions covering the Framework that may be awarded during the lifetime of the agreement. However, there is no guaranteed amount of work for the other lots such as mental health and furthermore, providers are expected to undertake all work issued to them.

3.7.3 A requirement of the tender process was to evaluate against a cost and quality criteria. Prior to evaluation Cabinet took the decision to introduce a minimum acceptable fee level of £13 per hour and therefore providers were not expected to tender below this rate.

3.7.4 As the tender exercise was protracted (commencing August 2015), and no increase awarded during 2016/17 providers have made representation to the

Council individually and through UKHA and West Midlands Care Association providers forum that an increase meeting the full costs of the National Living Wage would be necessary to make service delivery financially viable for the Rapid Response, Reablement and the Support for living at Home Contracts.

- 3.7.5 As with Residential and Nursing Care Staffing represents an average of 60% of costs for Providers and is therefore influenced by factors such as the NLW and the ability of Providers to recruit and retain staff at the hourly rates offered.
- 3.7.6 The Council recognises that several potential cost pressures impact upon the Domiciliary Care market both locally and nationally. The increase in the cost rate considers the increase in the NLW. However, does not recognise increase for providers who tendered rates currently exceed the proposed £13.75 hour.
- 3.7.7 Benchmarking data has been reviewed against neighbouring authorities to support the process. Table 5 below outlines the benchmarking data which indicates that Walsall is paying below the average regional rate of £13.75 per hour

Table 5 – Regional Benchmarking for Domiciliary Care Hourly Rates

Local Authority	Hourly rate 2016/17
Wolverhampton	£14.12
Telford (base rate)	£14.04
Dudley	£13.84
Coventry	£13.72
Sandwell	£13.50 (to be confirmed via June Cabinet backdated to 1.4.17)
Birmingham	£13.25
Walsall	£13.00

3.7.8 The providers, for older people services, on the current framework and transitional contracts are paid between £13.00 and £13.98 per hour and the majority of packages with Providers are at the lower rate of £13.00, and based on the information in Table 4 this equates to an average hourly rate of £13.33. Therefore, the proposed hourly rate is a minimum rate of £13.75 and no increases will be applicable to those Providers with rates above this level.

3.7.9 Provision has been made in the 2017/18 budget to meet both the National Living Wage and demographic increases. The proposal in the report seeks to secure an additional **£484,448** of budget from the ASC investment to meet the proposed hourly rate increase. The detail of this is set out in table 6 below.

Table 6 – Additional Budget Allocation required 2017/18

	Domiciliary Care
Additional budget required to meet increased cost up to £13.75 per hour. This figure is projected using the most up-to-date forecast spend for Older People Domiciliary Care Services at	£484,448

the time of the report and assumes implementation from 1 st April 2017 ¹	
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3.8 Community Based Services (CBS) Framework - Complex Care

- 3.8.1 In Complex Needs Community Based Services the tendered prices reflected 2016/17 costs but made no allowance for the HRMC guidance changes in October 2016 as they were submitted in the January of 2016. The impact of NLW, the Apprentice levy and general inflation and pension implications are being given by providers as the main reason for requests for increases ranging between 3 and 6.5%. As providers remain on their 'Transitional 4' contracts, they have had no increase in 2016/17. An increase of 3% is not affordable and market intelligence does not support the request and therefore it is recommended to increase the 16/17 rate by 1.22%, this represents an increase of £182,712.
- 3.8.2 For 2017/18, further work is required to understand the impact of the NLW requirements, specifically in relation to sleep-in payments and how providers break down the rates that we are currently paying.
- 3.8.3 Provision has been made in the 2017/18 budget to meet both the National Living Wage and demographic increases. The proposal in the report seeks to secure an additional of budget £194,563 for the 17/18 increase from the ASC investment. The detail of this is set out in table 7 below.

Table 7 – Additional Budget Allocation required 2016/17 & 2017/18

	16/17	17/18
Additional budget required to meet increased cost of 1.22%.	182,712	194,563

3.9 Direct Payments

- 3.9.1 Direct Payments are cash payments made to individuals who have been assessed as being eligible for funded care and support in line with the Care Act (2014) eligibility criteria; they are intended to give individuals greater choice in their care as they enable individuals to choose not to receive services purchased by Walsall Council instead choosing to receive a payment in lieu of these to arrange their own support.
- 3.9.2 The Walsall direct payment rate is £13.00 per hour for domiciliary care agencies and is £9.00 per hour for Personal Assistants.
- 3.9.3 There has been no increase/adjustment to Direct Payments (DP) where only domiciliary care is delivered in 2016/17. This may have indirectly created inequity as new recipients receive their DP calculated on the hourly rate agreed by Cabinet for Support for Living at Home services, yet those agreed earlier will be receiving a reduced budget requiring a Direct Payment Support Organisation to negotiate care within the budget agreed by the Resource Allocation Process or

¹ April 2014 Cabinet agreed an increase in fee levels to a minimum of £11.50 per hour for personal care. A further increase to £13 was agreed by Cabinet during 2016/17

possibly a review with a request back to RAP for an increase where care cannot be brokered within the original budget.

3.9.4 Where a Personal Assistant is employed as part of a DP arrangement an increase was given for the PA element in April 2016 to ensure they received a minimum wage following deductions of auto enrolment to pension rights, tax and national insurance.

3.9.5 A benchmarking exercise was carried out to understand the Direct Payment Rate for Domiciliary Care Agencies and the Personal Assistant rate.

Table 7 – Benchmarking of Direct Payment Rates

Direct Payment – Domiciliary Care Agency	Hourly Rate
Hereford	£14.76 (Higher rate due to rural location)
Staffordshire	£14.42
Sandwell	£13.96
City of Wolverhampton	£13.00
Walsall	£13.00
Birmingham	£10.96 with some exceptions

Direct Payments – Personal Assistants	Hourly Rate
Sandwell	£12.17
Birmingham	£10.96
Dudley	£10.42
Staffordshire	£10.37
Wolverhampton	£10.10
Walsall	£9.00

3.9.6 The proposal is to increase the Direct Payments (Domiciliary Care) and Personal Assistant rates.

3.9.7 The proposal for direct payments that are used to purchase domiciliary care from an approved agency, is to increase the payment in line with the recommendation for domiciliary care at 3.7.8.

3.9.8 The proposal for direct payments that are used for a personal assistant is to increase the rate by £1.00 to represent the increase in the NLW and to align PA rates closer with regional benchmarking.

3.9.10 Provision has been made in the 2017/18 budget to meet the inflationary increases of the usual fees. This proposal seeks to secure additional budget from the ASC investment to meet the increased cost.

3.9.11 At this point in time Finance are unable to quantify this increase as they do not hold detailed information about how many people in receipt of a direct payment make use of a PA. A further, in depth exercise would need to be undertaken to calculate the impact of any increase. In the meantime, we have assumed that an

additional £200,000 will be required based on a calculation of 340 individuals receiving an average of 10.5hrs per week.

3.9.12 Provision has been made in the 2017/18 budget to meet both the National Living Wage and demographic increases. The proposal in the report seeks to secure an additional of budget of for 17/18. The detail of this is set out in table 8 below.

Table 8 – Additional Budget Allocation required 2016/17 & 2017/18

	17/18
Additional budget required to meet increased cost of Direct Payment hourly rate.	£200,000

3.10 Housing & Care 21

3.10.1 Built into the contract is an annual increase based on RPI each February, for February 2017 this figure was 3.5%, this commits the Council to an additional £280,829 for 2017/18. There was budget provision for an increase but only at 2.5%.

Table 9 – Additional Budget Allocation required 2017/18

	17/18
Additional budget required to meet increased cost of Housing and Care 21 annual Increase.	77,250

4. Council priorities

4.1 These recommendations would support sustaining a range of high quality services to contribute to the Council priority for supporting people to remain as independent as possible. Protecting services to vulnerable people is a key Council priority.

5. Risk management

5.1 There is a need for the Council to strike a balance between fee levels that the Council set and the true cost of care for service providers, in an equitable manner. Therefore the Council needs to give due regard to this in addition to its financial position in order to minimise risk of legal challenge, market failure and inadequate service delivery especially for local residential and nursing care Providers who are choosing to contract their bed spaces to regional authorities who offer higher fee levels thus limiting the choices of local people who are at risk of paying higher fees if they are self-funding their placement or the local authority is paying fees above the usual rates to meet identified eligible needs.

5.2 An increase to the minimum fee level will reduce the level of differentiation in fees across a range of existing personal care at home contracts and demonstrates that the Council does recognise the need to provide a realistic fee level compared to the costs of provision. It will also help to reduce the incidence of market failure and poor quality service provision.

- 5.3 At any given time up to 1/3rd of Walsall Care home placements are occupied by non-Walsall residents as the rates paid by the placing authority are higher than that Walsall pays. Unless we address this imbalance the market will not meet the needs of Walsall residents and businesses will continue to sell their beds to neighbouring authorities who pay more.
- 5.4 Even with the increases outlined in this report Walsall will still be in the bottom quartile both regionally and nationally as local authorities will have increased their fee's this year.
- 5.5 We may receive challenges from the two domiciliary care providers who tendered rates are above the proposed increased hourly rate as detailed in paragraph 3.7.6.
- 5.6 It is proposed to fund these increases within existing budget and additional iBCF grant funding with no guarantee beyond 2019/20. Adult Social Care will need to mitigate risks associated with any decrease of investment post 2019/20.
- 5.7 Specifically to sleeps-in's there is the additional risk of employer financial liability backdated for 6 years with the potential to pass on to the Council along with a fine from HRMC.

6. Financial implications

- 6.1 The 2017-18 budget allocation included investment of £2.088m towards contractual inflation to include the impact of the National Living Wage increases and an additional 1% general increase above the anticipated NLW costs.
- 6.2 As detailed within the report, following additional comparable data intelligence gathering and further work with providers, the option being recommended would equate to a total increase in costs of £3.774m, £1.686m above the approved investment for 2017/18. This is summarised in table 10 below

Table 10 – Total Budget Allocation required 2017/18

	Investment included in 2017/18 Budget	Additional cost increase	Total Cost of recommended Option
Residential and Nursing (non-complex)	595,600	487,586	1,083,186
Residential and Nursing (complex)	216,019	185,028	401,047
Community Based Care (non-complex)	411,213	484,448	895,661
Community Based Care (complex)	539,059	377,275	916,334
Direct Payments	125,455	74,545	200,000
Housing 21	200,592	77,250	277,842
TOTALS	2,087,938	1,686,132	3,774,070

- 6.3 Taking into account the additional costs for 2017/18, costs will also increase in future years when compared to the Investment and grant funding set aside for the above. A further additional cost of £62k has been estimated for each year.
- 6.4 The proposal is to fund the additional identified costs via the Improved Better Care Fund grant (iBCF) announced within the Governments Spring budget. For Walsall the grant equates to an allocation of £12.610m over the three-year period (2017-2020), currently profiled as follows;

- 2017/18 - £6.502m
- 2018/19 - £4.084m
- 2019/21 - £2.024m

The funding can be re-profiled or carried forward if not fully utilised during the year of allocation, but has a number of conditions attached to spending the additional funds. The draft conditions of use of the Grant can be summarised as;

- That the grant paid to a local authority under the determination may be used only for the purpose of meeting adult social care needs;
- Reducing pressures on the NHS, including supporting more people to be discharged from hospital when they are ready
- Ensuring that the local social care provider market is supported.

The recipient local authority must:

- Pool the grant funding into the local BCF, unless an area has written Ministerial exemption
- Work with the relevant Clinical Commissioning Group and providers to meet National Condition 4 (Managing Transfers of Care) in the Integration and Better Care Fund Policy Framework and Planning Requirements 2017-19; and
- Provide quarterly reports as required by the Secretary of State

Further details of the conditions and proposals for this funding are outlined in the Cabinet/CMT paper 9th May (Appendix 1). An update to the attached report will be finalised and presented to Cabinet on 21st July 2017. The notable change relates to the allocation to the ASC Market; in line with this report, this has now increased to £5.4m allocated over the 3-year period. This has been profiled as £1.7m in 2017/18, £1.8m in 2018/19 and £1.9m in 2019/20.

In line with the Grant Conditions, the iBCF investment profile has been shared with the CCG and no concerns have currently been raised.

- 6.5 It should be noted that this grant remains short term funding with no detail on any ongoing provision. As the increases in rates will need to be sustained, Adult Social Care will develop an action plan to set out how the ongoing costs will be funded from 2020/21, once further announcements on the direction of Social Care funding is made via Central Government.
- 6.6 Table 11 below summaries the financial impact and the funding position for the years 2016/2017 to 2020/2021;

Table 11 – Funding position

	2016/17	2017/18	2018/19	2019/20	2020/21
Total additional expenditure arising from proposed uplifts	251,188	3,522,882	3,522,882	3,584,882	3,646,882
Additional costs in 6.3			62,000	62,000	62,000
TOTAL	251,188	3,522,882	3,584,882	3,646,882	3,708,882
Less : Council investment	(251,188)	(1,836,750)	(1,836,750)	(1,836,750)	(1,836,750)
Less: iBCF	0	(1,686,132)	(1,748,132)	(1,810,132)	0
SHORTFALL	0	0	0	0	1,872,132

7. Legal implications

- 7.1 In order to ensure that the procurement process, any framework agreements and/or contracts are compliant with the Regulations and the Council's Contract Rules, Social Care and Inclusion will need to seek the advice of Procurement and Legal Services, who will assist with using the most appropriate procedures and contract measures.
- 7.2 Case law indicates the need for consultation with providers of care, and a setting of "usual fees" for provision of social care funded by the Council. The procurement process has helped inform the setting of usual rates of fees recommended and set out in section 3.

8. Procurement Implications/Social Value (if applicable/remove if not)

These are existing services and procurement/Social Value implications were considered as part of their procurement.

9. Property implications

- 9.1 There are no direct property implications for the Council

10. Health and wellbeing implications

- 10.1 Sustaining a range of high services will contribute to maintaining the health and well-being of people who need social care services. The Care Act 2014 places a duty upon local authorities to promote health and well-being in the population and to provide a sufficient level and range of services to meet need.

11. Staffing implications

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

12. Equality implications

12.1 Personal care services are provided regardless of individual or family circumstances in terms of equality and diversity.

13. Consultation

13.1 There is ongoing dialogue with providers and they will also receive a written explanation of the basis for the Council's decisions on setting fee levels during 2017/18. There are regular commissioning forums which provide the agencies in the market an opportunity to query the background to the fee increase and challenge the Council to demonstrate that the fee levels will be realistic in recognising the costs of care.

Background papers

9th May, 2017 – CMT/Cabinet - Additional Funding announced in the Spring Budget – Adult Social Care



Cabinet briefing
additional ASC funds

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Paula Furnival
Executive Director

13 June 2017

Councillor Coughlan
Portfolio holder

13 June 2017

Equality Impact Assessment (EqIA) for Policies, Procedures and Services

Proposal name	Adult Social Care Uplifts Tender 2017		
Directorate	Adult Social Care		
Service	Adult Social Care Commissioning		
Responsible Officer	Paula Furnival		
EqIA Author	Tracy Simcox		
Proposal planning start	1 April 2017	Proposal start date (due or actual)	1 April 2017

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1	What is the purpose of the proposal?	Yes / No	New / revision
	Policy	No	
	Procedure	No	
	Internal service	No	
	External Service	Yes	Revision
	Other - give details		
2	What are the intended outcomes, reasons for change? (The business case)		
	<p>What is the intended outcome? To award fee uplifts for Residential & Nursing, Community Based Service Framework Housing & Care 21 Contracts and Direct Payment recipients for 2017/18.</p> <p>Reasons for change? Community Based Service Framework - As the tender exercise was protracted (commencing August 2015), and no uplift awarded during 2016/17 providers have made representation to the Council individually and through UKHA and West Midlands Care Association Providers Forum that an increase meeting the full costs of the National Living Wage would be necessary to make service delivery financially viable for the Rapid Response, Reablement and the Support for living at Home Contracts. In Complex Needs Community Based Services the tendered prices reflected 2016/17 costs but made no allowance for the HMC guidance changes in October 2016 as tenders were submitted in the January of 2016. The impact of the National Living Wage (NLW), the Apprentice levy and general inflation and pension implications are being given by providers as the main reason for requests for increases ranging between 3 and 6.5%.</p> Residential & Nursing - National intelligence and local provider forums tell us that the main challenges the market is experiencing is the recruitment and retention of staff into the care sector and the rising cost of delivering services. As staffing represents on average 60% of costs for care providers and is therefore influenced by factors such as the introduction of the National Living Wage (NLW) and the Apprenticeship Levy, for larger providers and the ability of providers to recruit and retain staff at the hourly rates offered, means increased recruitment and training costs. Furthermore, Providers are choosing to contract with regionally authorities as they are paying higher fee rates reducing the choice available to local people.		



In addition, the Retail Price Index (RPI) has recently increased to 3.1% (office for National Statistics March 2017). This is the highest rate since September 2013 and adds additional expenses into the non-staff costs of a care home.

The current registered and nursing care contracts, for complex care, have a clause in their existing contract that is linked to inflationary formulae which results in an approximate annual uplift of 1%, we are contractually obliged to meet this. No uplift was awarded in 2016/17 and therefore there is a liability of £ 68,476, which has been factored into the cost modelling.

Housing & Care 21 - Built into the contract is an annual uplift based on RPI each February, for February 2017 this figure was 3.5%, this commits the Council to an additional £280,829 for 2017/18.

Direct Payment Recipients – In 2016/17 no uplift/adjustment was applicable to Direct Payments (DP) only where only domiciliary care was delivered. This has indirectly created inequity as new recipients receive their DP calculated on the hourly rate agreed by Cabinet for Support for Living at Home services and post 2016 DP recipients have to go through the resource allocation panel (RAP) to re-negotiate costs to meet their existing care needs.

3	Who is the proposal potential likely to affect?		
	People in Walsall	Yes / No	Detail
	All	Y	Adults over 18 who are eligible for social care funding
	Specific group/s	N	
	Council employees	N	
	Other	N	
4	Summarise your evidence, engagement and consultation.		
	<p>There is ongoing dialogue with providers and they will also receive a written explanation of the basis for the Council's decisions on setting fee levels during 2017/18. There are regular commissioning forums, with West Midlands Care Association for Residential and Nursing Care Homes and Domiciliary Care Agencies, which provide Providers in the market an opportunity to query the background to the fee increase and challenge the Council to demonstrate that the fee levels will be realistic in recognising the costs of care.</p> <p>There are quarterly meetings with Direct Payment Support Services (DPSS) and Housing & Care 21 which has challenged and engaged with the Council on understanding the cost of care along with regional benchmarking, and contractual compliance for Housing & Care 21 which has demonstrated the need to award an inflationary uplift.</p>		
5	How may the proposal affect each protected characteristic or group?		
	The affect may be positive, negative or neutral.		
	Characteristic	Affect	Reason
			Action needed Y or N
	Age	Neutral	Inflationary uplifts are to be awarded to all adults contracts over 18 years old who are eligible for social care funding.
	Disability	Neutral	Inflationary uplifts are to be awarded to all adults contracts over 18 years old

			who are eligible for social care funding.	
	Gender reassignment	Neutral	Inflationary uplifts are to be awarded to all adults contracts over 18 years old who are eligible for social care funding.	N
	Marriage and civil partnership	Neutral	No significant impact foreseen.	N
	Pregnancy and maternity	Neutral	No significant impact foreseen.	N
	Race	Neutral	Inflationary uplifts are to be awarded to all adults contracts over 18 years old who are eligible for social care funding.	N
	Religion or belief	Neutral	Inflationary uplifts are to be awarded to all adults contracts over 18 years old who are eligible for social care funding.	N
	Sex	Neutral	Inflationary uplifts are to be awarded to all adults contracts over 18 years old who are eligible for social care funding.	N
	Sexual orientation	Neutral	Inflationary uplifts are to be awarded to all adults contracts over 18 years old who are eligible for social care funding.	N
	Other (give detail)	N/A		N
	Further information	N/A		
6	Does your proposal link with other proposals to have a cumulative affect on particular equality groups? If yes, give details below.			(Delete one) No
	N/A			
7	Which justifiable action does the evidence, engagement and consultation suggest you take? (Bold which one applies)			
	A	No major change required		
	B	Adjustments needed to remove barriers or to better promote equality		
	C	Continue despite possible adverse impact		
	D	Stop and rethink your proposal		

Action and monitoring plan

Action Date	Action	Responsibility	Outcome Date	Outcome
June 2017	Communication to Adult Social Care and Corporate staff to inform of new rates.	Adult Commissioning	June 2017	A financially viable social care market with a reduced risk of Provider failure.
July 2017	Implement new rates at point of contract award for R&N sector	Adult Commissioning	October 2017	A financially viable social care market with a reduced risk of Provider failure.