

Notice of Non-key Executive Decision

Subject Heading:	Approval to Increase Nursing Care Home Fees for placements made of people 65 years and older.
Cabinet Member:	Councillor Wendy Brice-Thompson, Cabinet member for Adult Services and Health
SLT Lead:	Barbara Nicholls, Director for Adults Social Care and Health
Report Author and contact details:	John Green, Head of Commissioning
Policy context:	<p>The Havering Adult Social Care Market Position Statement 2015, states the following with regard to residential care:</p> <p>'For those residential and nursing care homes currently providing services in the borough we value and appreciate the services provided. We are committed to working together to balance the needs for efficiency in the current financial climate and the quality services we want to see provided for vulnerable older people.'</p>
Financial summary:	<p>Financial implications arising as a result of increasing the fees paid by the Council to residential care homes.</p> <p>Based on the projected forecast for 2017/18, the changes to rates outlined in this paper will cost up to an estimated £41,649 based on projections.</p>

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Relevant OSC:	Individuals
Is this decision exempt from being called-in?	Yes, it is a non-key decision by a member of staff

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The subject matter of this report deals with the following Council Objectives

Communities making Havering	[X]
Places making Havering	[X]
Opportunities making Havering	[X]
Connections making Havering	[X]

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

The Corporate Leadership Team Director with responsibility for Adult Social Care is asked to approve the following:

- An additional uplift to older people's nursing care rates for the 17/18 financial year (1 April 2017 to 31 March 2018) to recognise the additional pressure faced by providers and support the Council to remain competitive as a purchaser in the market.

AUTHORITY UNDER WHICH DECISION IS MADE

Constitution Part 3: Responsibility for Functions 3.3

General powers

(a) To take any steps necessary for proper management and administration of allocated portfolios.

Financial responsibilities

(a) to incur expenditure within the revenue and capital budgets for their allocated portfolio as approved by the Council, or as otherwise approved, subject to any variation permitted by the Council's contract and financial procedure rules.

STATEMENT OF THE REASONS FOR THE DECISION

Background

1. This report concerns the declared usual rate the Council pays for care homes with nursing placements for older people. It is produced as a result of the commitment made in the 17/18 uplift that we would review the impact of these changes, closely monitor changes in the market including our ability to make placements over the coming year.
2. For some people the Council will pay a different rate to the usual rate, for example someone with complex needs where additional support is required. Any decision on changes to these rates will take place on an individual basis negotiated as part of the review of delivery and achievement of outcomes.
3. This report concerns a proposed uplift for the usual rate paid for care home placements in Havering only. For those placed outside Havering the rate is negotiated and agreed on an individual basis, usually at the local rate for that area. These rates would be subject to different market conditions.

The Current Position

4. This paper follows the non-key executive decision requesting approval to

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increase residential and nursing care home fees for placements made of people 65 years and older which was approved 30th March 2017. The increases, set out below, resulted in the nursing market receiving a lower proportionate increase than the residential market.

	2016/17	2017/18	Increase
Residential frail rate	£471	£506	7%
Residential dementia rate	£545.46	£568	4%
Nursing frail rate	£502.58	£508	1%
Nursing dementia rate	£518.66	£524	1%
Nursing higher rate	£528.31	£539	2%

5. The reason for the larger increase to residential rates was to act upon feedback from the market which suggested the existing residential rates were unsustainable, challenges the Council faced in making placements at these rates and the fact the Council were generally paying less than comparators.
6. The increase to nursing rates was proportionally less due to the 40% increase to NHS Funded Nursing Care (FNC) from April 2016 from £112 to £156.25. However the FNC rate was under review at this time and could be subject to future changes. Nursing care homes had fed back that they were under pressure due to the significant costs attributable to nursing care, however generally speaking the market was taking placements at the Council rates.
7. This report stated that we would monitor changes in the market over the coming year.
8. The contract between care homes and the Council states that the Council will consult care home providers and consider a wide range of factors before making any decisions on fees. This report reflects the Council's assessment of these considerations.

Evidence of provider costs increasing

9. The Department of Health made the decision to reduce FNC from 1 April 2017 from £156.25 to £155.05 following a review of the contribution of agency costs. This has meant a reduction for nursing care homes.
10. The nursing market has fed back that all homes are required to provide the living wage, pensions and absorb inflation but in addition nursing homes have seen a 16% increase in nursing wages. The cause for this is the shortage of nurses meaning homes are reliant on expensive agency staff.
11. The nursing market have indicated Laing Buisson's fair cost of care benchmarking shows that there is an additional impact on nursing homes as those residents that fall under the term 'nursing frail', are underfunded to a greater degree than other care home residents. This is due to the level of needs increasing significantly for this group or residents in recent years. Nursing homes say it now costs the same to care for someone who is nursing frail, as someone who has nursing dementia, meaning there is a shortfall in the

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rate. It has also been raised that the nursing dementia rate is below the residential rate, when excluding FNC which is provided to cover the extra cost of the nursing care element.

12. Inflation was at 0.6% at the time of the consultation on rates earlier in 2016 but has now increased to 2.6%, therefore the 1% increase to nursing rates offered is a real terms reduction in fees.

Wider considerations

13. We have again contacted comparator authorities to obtain the usual rates they pay for care home placements. This indicates that Havering are now paying a similar level to other authorities for residential care but are significantly lower than other authorities in what we pay for nursing care. As with all benchmarking there needs to be caution with accepting figures on face value as you are not always comparing like with like.
14. With regard to making placements, we continue to make placements at the current usual rates we pay for nursing care. However it should be noted that being able to make placements in the short term as an indicator of market stability, without looking at longer term market implications has resulted in significant problems in boroughs both nationally and for boroughs in the immediate region.

Recommendation

15. In order to address the concerns raised by nursing care homes, the pressures in the market and the increase to their costs whilst balancing the need to have beneficial impact with minimum additional resources we propose increasing both the nursing frail rate and nursing dementia rate by 1%. This will support sustainability of the market and mean the Council will be closer to the limits of comparators.

	Current position	Proposal	Additional Increase
Nursing frail rate	£508	£513	1%
Nursing dementia rate	£524	£529	1%

16. This increase to be backdated to the start of the financial year, April 2017.

Cost of proposals

17. The estimated cost of these proposals when applied to in-borough placements at June 2017, backdated to 1st April 2017, projected annually would be a minimum of £41,649. It should be noted that this projection is based on placements for the first quarter and therefore could be subject to change over the year.
18. We will need to consider the views of residents, particularly those who are liable for the full cost of their care and support (full cost payers). An increase to the usual rates would mean an increased charge which would result in increased income to the Council. The projected increase in income would be £7,578 for the year based on those currently paying the full cost of nursing

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care.

19. There is also a commitment to review our residential and nursing care rates more forensically over 2017/18, working directly with providers. This process has begun and may lead to further changes if the exercise identifies the need for change to maintain our market, whilst protecting the financial position of the council.

OTHER OPTIONS CONSIDERED AND REJECTED

- a) Offer no additional uplift to the usual rate the Council pays for nursing care home placements for older people.

This option was considered and rejected because:

- the council wants to sustain its ability to be a key purchaser in the market
- respond to the increase costs to ensure the market remains sustainable
- the Council recognises additional pressures placed on nursing care homes.

PRE-DECISION CONSULTATION

As described previously the Council consulted with all contracted residential care homes that support older people in Havering.

NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: John Green

Designation: Head of Commissioning

Signature:



Date:13.9.17

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

The Council has a duty under Section 18 of the Care Act 2014 to meet an adult's needs for care and support (where those needs meet the eligibility criteria set out in section 13 of the Act).

The Council has entered into Pre-Placement Agreements with 38 care homes in Havering for the provision of care home services for adults in receipt of social care funding. This report seeks to vary the Weekly Fee paid to the providers as detailed above.

Clause 39 of the Pre-Placement Agreement sets out the scope and nature of possible modifications in respect of the fees as well as the conditions under which they may be used. Furthermore, the proposed variation will not alter the overall nature of the contract. The Public Contracts Regulations 2015 provide for such a variation under Regulation 72 (1)(a).

Furthermore, paragraph 4.35 of the Care And Support Guidance issued under the Care Act 2014 provides that "local authorities must not undertake any actions which may threaten the sustainability of the market as a whole, for example, by setting standard fee levels below an amount which is sustainable for providers in the long-term."

Tara Philip, Commercial Contracts and Procurement Solicitor

FINANCIAL IMPLICATIONS AND RISKS

The 1% increase in Nursing care rate will be funded from the improved Better Care fund (iBCF) announced in March 2017, in line with one of the key requirements of its use specifically around sustaining the local Provider Market. The uplift will result in an increase in Nursing costs of approximately £41,650, based on current level of demand. However, this will be partially offset by increased contribution from full cost users who pay for their care, of which the full year effect is approximately £7,580. For 2017/18, their increased contribution will only accrue at the point of notification because the council will not be backdating the charges to 1st April, when the provider uplift is applicable and as such every step should be taken to notify those self-funders at the earliest opportunity to maximise applicable income.

Although the increase is in addition to the original rate uplift for 17-18, the latest 1% increase will not affect current year forecast as there is adequate provision in the service budget for the proposal through the use of the iBCF as previously mentioned.

There is some risk to the overall service budget should there be a material increase in demand beyond what has been incorporated into the forecast, however this will be monitored in line with the Financial Management requirements of the Council. Also, as the iBCF is temporary funding, there is a risk that the underlying costs may become unsustainable if and when the additional funds are removed, resulting in budgetary pressure unless effective management action can be developed and delivered.

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Falil Onikoyi Strategic Finance Business Partner – Adult Social Care & Public Health.

**HUMAN RESOURCES IMPLICATIONS AND RISKS
(AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)**

There are no HR implications or risks arising directly as a result of this decision.

Geraldine Minchin, Strategic HR Partner

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

An EIA has been completed. This includes an action plan which encourages staff training in equality and culture.

If the recommendation to increase the usual rates for nursing care home placements for older people is agreed it should have a positive impact on equality groups. It will mean the Council remains competitive in the market giving residents more choice in the care home they choose. It should also mean care homes have more resources and therefore are able to offer residents better support.

If the proposal is agreed we will use existing quality monitoring arrangements to monitor the impact on existing and new residents of care homes to ensure there is no negative impact arising from the proposal or if there is, to mitigate it accordingly.

Vernal Scott, Corporate Diversity Advisor

BACKGROUND PAPERS

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Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

Proposal agreed

Details of decision maker

Signed



Name: Barbara Nicholls

CMT Member title: Director of Adult Services

Date: 14/09/2017

Lodging this notice

The signed decision notice must be delivered to the proper officer, Andrew Beesley, Committee Administration & Interim Member Support Manager in the Town Hall.

For use by Committee Administration

This notice was lodged with me on 14/9/17

Signed 