

## Notice of KEY Executive Decision (Special Urgency)

<b>Subject Heading:</b>	Approval to uplift the rates for Homecare and Commissioned Live in Care as part of the annual uplift for 2023/24
<b>Decision Maker:</b>	Barbara Nicholls, Director of Adult Services
<b>Cabinet Member:</b>	Councillor Gillian Ford, Cabinet Member for Health and Adult Care Services
<b>SLT Lead:</b>	Barbara Nicholls, Director of Adult Services
<b>Report Author and contact details:</b>	Laura Wheatley Laura.wheatley@havering.gov.uk 01708 434019
<b>Policy context:</b>	<p>The Council has a duty under the Care Act 2014 to shape the social care market and includes the responsibility to ensure:</p> <ul style="list-style-type: none"> <li>• Services are of good quality, operate with a valued and well trained workforce and are appropriately resourced.</li> <li>• Service provisions are sustainable.</li> </ul>
<b>Financial summary:</b>	<p>Increasing the rates for Homecare and Commissioned Live in Care is estimated to cost £1,361,184.00.</p> <p>This is based on a snapshot of placements from the end of February 2023. The estimated costs and income assumes that current client numbers will continue at the same level.</p> <p>Since the actual financial impact is linked to the number of clients at the time of the uplift, the figure could increase or decrease, depending on actual client numbers during the 2023/24 financial year.</p>

## Key Executive Decision

	A significant change in demand or in the need of those requiring support would affect the projection.
<b>Reason decision is Key</b>	Expenditure or saving (including anticipated income) of £500,000 or more
<b>Date notice given of intended decision:</b>	27 <sup>th</sup> March 2023
<b>Relevant OSC:</b>	People's Overview and Scrutiny Sub Committee
<b>Is it an urgent decision?</b>	Yes, the Council's 2023/24 budget was agreed on 8/2/2023 at its Cabinet meeting and approved by Full Council, including council tax uplift, at its meeting on 1/3/2023. Whilst planning and consultation with the social care provider market started in late 2022, once the budget was agreed, a model was developed and updated to ensure the Council met its statutory obligations around market management, and took into account new government requirements introduced in the Market Sustainability and Improvement Fund. It has not been confirmed until week commencing 28 <sup>th</sup> March 2023 what the uplift would be and therefore the value of the totality of the uplift across the different sectors in social care. The decision is required as soon as possible due to the new financial year starting from 1 <sup>st</sup> April 2023
<b>Is this decision exempt from being called-in?</b>	Yes, the chair of OSC has waived the right to call-in the decision

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

People - Things that matter for residents  [X]

Place - A great place to live, work and enjoy  [ ]

Resources - A well run Council that delivers for People and Place.  [ ]

## Key Executive Decision

### Part A – Report seeking decision

#### **DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION**

This decision seeks authority for the Director of Adult Services to approve an uplift to the Homecare and Commissioned Live in Care rates as part of the annual uplift. This equates to a forecast spend of £1,361,184.00.

#### **AUTHORITY UNDER WHICH DECISION IS MADE**

Part 3 [ Responsibility for Functions]

2.2. Corporate functions of Cabinet

Finance

(a) To take decisions on all matters relating to the Council's finances including but not exclusively:

(v) budget revisions

Part 3: Responsibility for Functions,

2 – Executive Functions

The Leader of the Council is responsible for arranging for the exercise of all executive functions and may by way of written notice delegate Executive functions to:

1. Cabinet
2. A committee of the Cabinet
3. Individual Cabinet Members
4. Staff
5. Joint Committees

Part 2, Article 1.03(d) – Definitions

The Director of Adult Social Services is a Senior Leadership Team Director, for the purposes of the Constitution.

At the Budget Setting Cabinet meeting of 8<sup>th</sup> February 2023, Cabinet delegated to the Directors of Children's and Adults authority to agree inflation rates with social care providers for the financial year 2023/24.

#### **STATEMENT OF THE REASONS FOR THE DECISION**

##### **Background**

The Joint Commissioning Unit undertakes an Annual Uplift Project as part of the strategy to support and sustain the Provider Market. The 2022/23 Uplift Project gave uplifts to 240 Provisions, based on detailed research on business demands and pressures.

Since the implementation of these uplifts in April 2022, there have been significant additional economic pressures nationally, and a number of providers have approached the Council raising concerns regarding their ability to sustain their provisions.

2022/23 also saw the government policy around funding reform start in earnest with council's required to complete cost of care exercises through the summer of 2022 for a submission to the Department of Health & Social Care in mid October 2022. This was part of the preparation required for the planned introduction of the care cap in October 2023, however government

## **Key Executive Decision**

announced a pause in implementation of the cap for approximately two years to October 2025. Funding that was to come to local authorities to support implement of the care cap, was repurposed by government to create a new Market Sustainability and Improvement Fund (as well as further funding made available for the Hospital Discharge Fund).

The Market Sustainability & Improvement Fund is to be ring fenced to adult social care to support the government objectives of addressing discharge delays, social care waiting times, low fee rates, workforce pressures and to promote technological innovation in the sector. It is of note that this funding was distributed to councils using the ASC RNF, which takes no account of the size of provider market, particularly the care home market, who have larger fixed costs than home care agencies, and therefore have experienced larger cost pressures due to inflation, notably utilities and mortgages. By way of example, one inner North East London borough has seven care homes providing care for people over the age of 65, with a total 254 beds (although it is of note that four of these, 72 beds in total, provide care to all adults over the age of 18 and are specialist learning disability or mental health providers), with this borough receiving a grant over £3m. Havering have 34 generic care homes for older people with 1533 registered CQC beds, yet will only receive £2.355m.

This fund should not be seen in isolation from other government funding announcements, primarily the Hospital Discharge Fund and the Social Care Grant. As with the Market Sustainability Fund, the Social Care Grant was distributed via the Adult Social Care Relative Needs Formulae (ASC RNF), whilst the Discharge Fund was distributed via the improved Better Care Fund (iBCF RNF), which sees Havering, despite having the highest proportion of older people in North East London, getting an even further reduced comparative grant as compared to inner North East London boroughs. The local ICB recognises that the discharge pressures in the outer North East London are larger due to the age profile, with older people more likely to use NHS services, particularly acute hospitals.

This disparity makes it almost impossible for Havering to meet the government objective of moving meaningfully towards a reasonable cost of care, supporting discharges from hospital, social care waiting times, and other workforce pressures, particularly as the 2024/25 grants will be distributed via the ASC RNF (or iBCF RNF) also.

Government and therefore national funding focus was on services that primarily work with older people – i.e. care homes and home care (18+). However in setting our uplift rates, we were already using sustainable models of care in those markets that work with people with learning disabilities, mental health, and physical and sensory disabilities also – residential and nursing care as well as supported living. Government Guidance for the Market Sustainability and Improvement Fund was published on 29 March 2023 for the financial year 2023/24. The guidance allows for its usage in the 18-64 care market, which was unexpected.

Our uplift approach has endeavoured to start the journey towards the median cost of care, taking into account inflationary pressures but also focussing on higher uplifts for those parts of the social care market (older people's care homes and homecare) where fee rates needed to be raised by a higher percentage, because of the distance from the median cost of care as at October 2022, recognising that the median cost of care as assessed at that time, will have moved on considerably because of the impacts of inflation since the work was done.

### **Benchmarking**

As part of the consultation process, it is usual for us to contact other council's the Council contacted a number of neighbouring local authorities to obtain the usual rates they pay for homecare care and the rationale behind any rate increases (where available).

All councils are having to consider significant uplifts for the 2023/24 financial year, with NEL boroughs ranging from between 9% and over 16% uplifts for their home care market – with the

## **Key Executive Decision**

uplift being driven by their particular market conditions, commitments to London Living Wage, and their size of government grant. The higher the grant to boroughs, the better their ability to meet government objectives.

The table below compares Havering's current 2022/23 rates with neighbouring boroughs which shows the rates being paid by Havering are similar to Redbridge and Tower Hamlets:

Rate Type	Havering	Barking & Dagenham	Redbridge
<b>Homecare hourly rate</b>	£19.68	£18.43	£19.52

Rate Type *	Hackney	Tower Hamlets	Newham
<b>Homecare hourly rate</b>	£18.60	£19.55	£19.16

\* Note –information taken from fair cost of care submissions

All North East London boroughs are planning significant uplifts this year, and it is ASC's understanding that our proposed uplift remains broadly in line with where their rates will move to, including a significant uplift proposed by Barking & Dagenham council.

It should be noted that the Havering is unique amongst other North East London boroughs due to our geography. This means larger distances travelled by home care staff for example, creating some cost pressure for providers in terms of staff travel time and cost.

### **Care packages where the rate is higher**

Whilst the vast majority of care packages are delivered at our rate of £19.68 per hour, there are residents who have needs such that it is necessary to purchase more specialist home care support. These are known as 'Variable rates'.

### **Consultation with the Market**

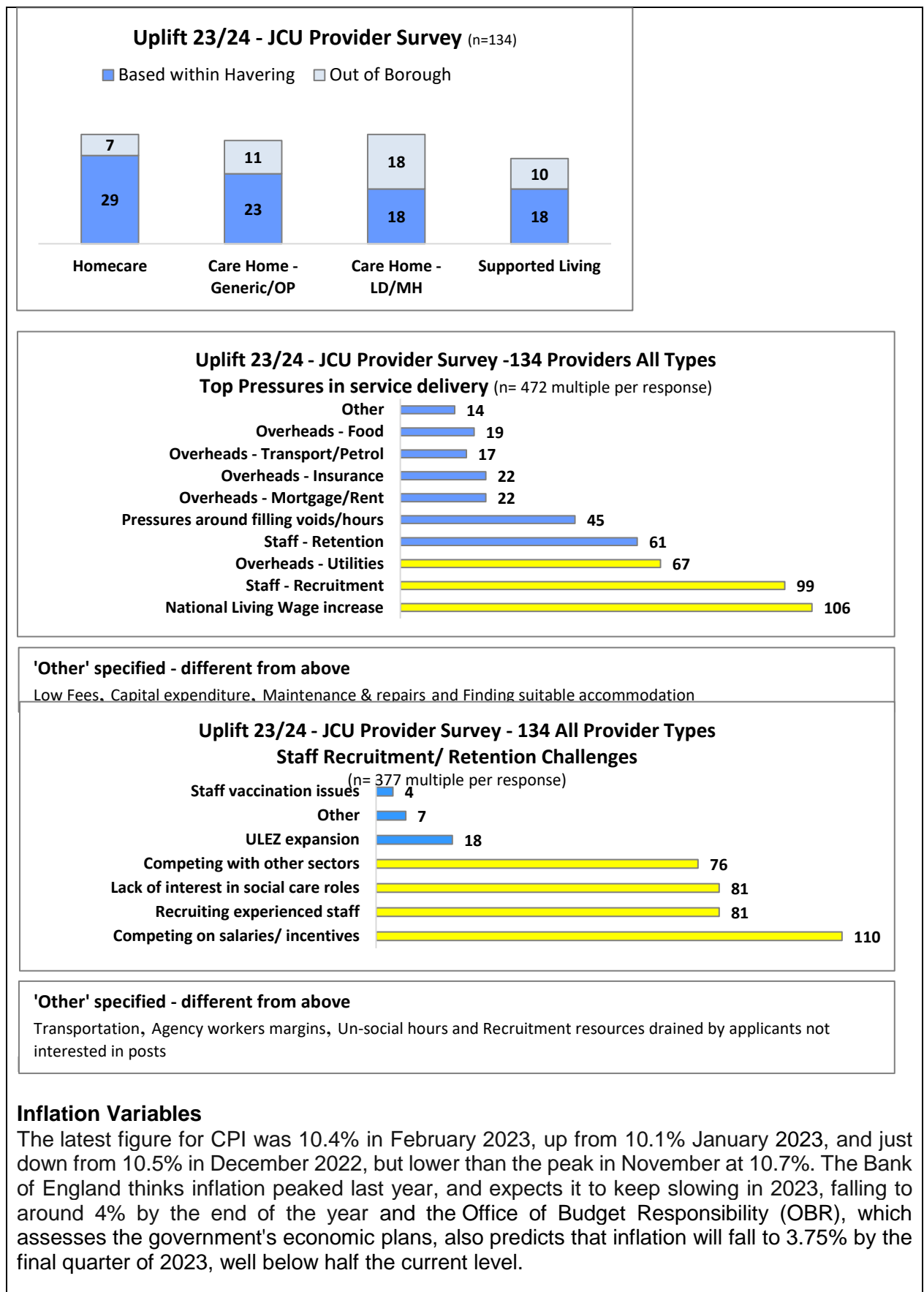
The Council opened a consultation with the market and asked for feedback based on the areas below:

1. Top pressures in service delivery
2. Staff recruitment and retention challenges

An Online Survey was emailed to multiple contacts (finance and operational) for 350+ commissioned providers based in and out of borough (89 Homecare providers, 77 OP Care Homes, 91 Specialist Care Homes, 101 Supported Living provisions).

134 responses were received via Citizen Space in the period 25/01/23 to 08/02/23.

## Key Executive Decision



## Key Executive Decision

Taking this information into account the Council needs to achieve a balanced budget as well as ensure the uplifts are in line with the growth available as agreed by the Cabinet at its February meeting.

Cost inflation in the care sector for the 2022-23 financial year is far higher than normal. This is due to a combination of factors, including:

- A 9.7% increase in the statutory National Living Wage (£9.50 to £10.42 per hour),
- High levels of inflation across the wider economy (with varying impacts on the 'basket' of non-staff costs for different care services)
- Structural changes relating to the delivery of care that either will or could raise costs for providers in the future.

It is also important to note that the freezing by government of the national insurance thresholds in its budget of November 2022, will have a disproportionate impact on social care workforce (and indeed other low paid sectors), where the bulk of wages is paid at or close to the statutory NLW, especially where a high proportion of people work part-time hours.

For 2023-24, the government has announced an Energy Bills Discount Scheme (EBDS). The EBDS will come into force from the 1st of April 2023 and will last until the 31st of March 2024. The unit discount of £6.97/MWh for gas and £19.61/MWh for electricity is subject to a wholesale price threshold of £107/MWh for gas and £302/MWh for electricity. Businesses with energy costs below that level will not receive support.

### **Risks and Mitigations**

1. Risk of service interruption due to financial failure. Services are facing increases in National Living Wage, National Minimum Wage and running costs as mentioned above. If rates are not uplifted businesses will find it difficult to remain sustainable.
2. Risk of lack of capacity and choice in the market. A sustainable market promotes growth and encourages new business opportunities.
3. Risk to recruitment and retention of staff. Service providers need to have a well-trained and motivated workforce and need to be able to compete with other sectors with rates that staff are paid.
4. Increasing gap between inflation increases to cost and Council rates. This will be mitigated by the uplift.

### **Recommendation**

It is recommended that the Council uplift the rates for home care (including agency provided live-in care) as outlined in the table below. The variable rate applies to agencies who charge a higher rate than our usual rate due to the particular needs of the resident, which may be for example requiring specialist services.

<b>UPLIFT MODEL BY SERVICE TYPE &amp; RATE</b>				
<b>SERVICE</b>	<b>RATE</b>	<b>Current rate</b>	<b>% UPLIFT</b>	<b>New rate</b>
<b>HEMOCARE</b>	<b>STANDARD HOURLY</b>	£19.68	<b>11.00%</b>	<b>£22.00</b>
	<b>VARIABLE HOURLY</b>	variable	<b>6.00%</b>	<b>variable</b>
	<b>VARIABLE WEEKLY</b>	variable	<b>6.00%</b>	<b>variable</b>
<b>LIVE-IN CARE</b>	<b>VARIABLE WEEKLY</b>	variable	<b>9.00%</b>	<b>variable</b>
	<b>1 to 1 HOURLY</b>	variable	<b>9.00%</b>	<b>variable</b>

## Key Executive Decision

It is recommended that this proportional approach is applied to the 2023/24 yearly uplift with the intention of balancing the pressures on budgets against the risk of increased costs incurred due to provider failure.

### **Rationale**

<b>HEMOCARE</b>	<p>The Council currently pay £19.68 per hour for homecare and there are 6 homecare spot providers being paid a variable homecare rate.</p> <p>Homecare workers are usually paid close to or just above the NMW and NLW, therefore the increases in NMW and NLW have a big impact on pay for front line care staff. Providers also have the added pressure of additional employer on-costs.</p> <p>United Kingdom Homecare Association (UKHCA), a professional association of homecare providers has developed a model, which aims to calculate a fair and sustainable price for care in an open and transparent format. The model has been used to produce minimum prices for care.</p> <p>The Homecare Association, which represents some 2,340 care providers, calculates the true minimum cost of providing an hour of homecare in the UK is £25.95 from April 2023.</p> <p>The recommended uplift would increase the standard homecare hourly rate by 11% to £21.84.</p> <p>The variable rates are above the usual rate and therefore the uplifts will be lower. The recommended uplifts would increase the variable hourly rate by 6% and the variable weekly rate by 6%.</p> <p>The new homecare rate recognises the increased cost pressures the providers face and supports the Council to continue to be able to place home care packages</p>
<b>LIVE IN CARE</b>	<p>Snapshot data from end February 2023 shows there were 16 placements at a gross weekly cost across all schemes of £21,638 with the average weekly cost of a live in care placement costing £1,352.</p> <p>The recommendation is to uplift rates paid to live in care providers by 9% for the 23/24 financial year.</p> <p>The 1 to 1 hourly rate will also receive a 9% uplift.</p> <p>The new live in care rate recognises the increased cost pressures the providers face in relation to staffing and retention when compared to last year.</p>

### **Financial Implications**

The cost implications of these proposals and the estimated gross impact of this proposal is an increase of £1,361,184.00 per annum.



## **Key Executive Decision**

This is based on a snapshot of care packages from the end of February 2023. The estimated costs and income assumes that current client numbers will continue at the same level.

Since the actual financial impact is linked to the number of clients at the time of the uplift, the figure could increase or decrease, depending on actual client numbers during the 2023/24 financial year.

A significant change in demand or in the need of those requiring support would affect the projection.

## **OTHER OPTIONS CONSIDERED AND REJECTED**

1. Offer no uplift to the usual rate the Council pays for services.

This option was considered and rejected because:

- The Council wants to sustain its ability to be a key purchaser in the market.
- The Council recognises additional pressures placed on services, including the National Minimum Wage and inflation increases.

## **PRE-DECISION CONSULTATION**

The Annual Uplift Project 2023/24 consulted with Finance, Legal, Adult Social Care, Financial Assessment, Business Systems and Performance. Externally the Council consulted with providers who we commission with in Havering and outside the borough.

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

Name: Laura Wheatley

Designation: Senior Commissioner and Project Manager

Signature: *L Wheatley*

Date: 05/04/2023

## **Part B - Assessment of implications and risks**

### **LEGAL IMPLICATIONS AND RISKS**

The Care Act 2014 places a duty on the Council to assess and support adults with their eligible care needs. The Act also introduced duties on local authorities to facilitate a vibrant, diverse and sustainable market that provides high quality care and support in their area, for the benefit of their whole local population, regardless of how the services are funded.

The Care Act 2014 also identifies the right for individuals to exercise choice in the care that they receive, which clearly extends to a residential care establishment given that this will be the person's home. The implementation of a cost rate increase supports local providers to meet the increased wages of staff as a result of the increase in the remit of the National Minimum Wage from April 2022 and the cost of living. This falls within the remit of the Care Act 2014.

Section 5(2)(d) of the Care Act 2014 requires the Council to have regard to the importance of ensuring the sustainability of the market in performance of its duty.

The cumulative values of the contracts and proposed modifications are above the relevant threshold for Light Touch Regime procurements as defined in Schedule 3 of the Public Contracts Regulations (as amended) 2015 (PCR). Therefore, the contracts and any modifications are subject to the PCR and the Council's Contract Procedure Rules.

The contract between the Council and the service provider states that the Council will undertake a fee review/ uplift every 12 months. Thus an uplift was provided for within the contract and is compliant with Regulation 72(1)(a) PCR and CPR 19.1.

### **FINANCIAL IMPLICATIONS AND RISKS**

The recommendation in this report is to uplift current provider rates home care (including commissioned live in care) the below %'s for financial year 2023/24.

<b>UPLIFT MODEL BY SERVICE TYPE &amp; RATE</b>				
<b>SERVICE</b>	<b>RATE</b>	<b>Current rate</b>	<b>% UPLIFT</b>	<b>New rate</b>
<b>HEMOCARE</b>	<b>STANDARD HOURLY</b>	£19.68	<b>11.00%</b>	<b>£22.00</b>
	<b>VARIABLE HOURLY</b>	variable	<b>6.00%</b>	<b>variable</b>
	<b>VARIABLE WEEKLY</b>	variable	<b>6.00%</b>	<b>variable</b>
<b>LIVE-IN CARE</b>	<b>VARIABLE WEEKLY</b>	variable	<b>9.00%</b>	<b>variable</b>
	<b>1 to 1 HOURLY</b>	variable	<b>9.00%</b>	<b>variable</b>

The proposal is to apply the uplift for in and out of borough provision. This is reflective of various factors which have been outlined earlier in this report, including National living/minimum wage considerations, high inflationary rates and to aid recruitment and retention. High level benchmarking has been carried out with 5 other local authorities on their 2023/24 rates and consultation with the market has also taken place, as outlined earlier in the report.

The uplift approach has also taken into consideration the median cost of care, taking into account inflationary pressures but also focussing on higher uplifts for those parts of the social care market where fee rates needed to be raised by a higher percentage as the margin to the

## **Key Executive Decision**

median cost of care is greater for these areas. The 2023/24 funding announcements committed a total of £562 million for Councils in a new Adult Social Care Market Sustainability and Innovation Fund, of which Havering will receive £2.355 million. This funding is being used to move towards the median cost of care.

The council built into its Medium Term Financial Strategy an allocation of growth for Adult Social Care, Government funding has also been applied to the budget, consisting of the market sustainability and innovation grant, the hospital discharge grants, a share of the social care grant and the adult social care precept for 2023/24.

The estimated net impact of this proposal is an increase of £1,361,184.00 per annum. This is based on a snapshot of placements from the end of February 2023. The estimated costs and income assumes that current client numbers will continue at the same level.

Since the actual financial impact is linked to the number of clients at the time of the uplift, the figure could increase or decrease, depending on actual client numbers during the 2023/24 financial year.

The council built into its Medium Term Financial Strategy an allocation of growth for Adult Social Care, Government funding has also been applied to the budget, consisting of the market sustainability grant, the hospital discharge grants, a share of the social care grant and the adult social care precept for 2023/24.

The total growth available for Adult Social Care is £9.486m. The costs arising from this inflationary increase will be funded from the growth allocation.

The total estimated costs for all of the inflationary uplifts (separate decision papers) across Adult Social care is £6,452,526. The growth funding is sufficient to meet this cost.

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

The recommendations made in this report do not give rise to any identifiable HR risks or implications that would affect either the Council or its workforce.

### **EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS**

Havering has a diverse community made up of many different groups and individuals. The council values diversity and believes it essential to understand and include the different contributions, perspectives and experience that people from different backgrounds bring.

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the council, when exercising its functions, to have due regard to:

- I. the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- II. the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- III. Foster good relations between those who have protected characteristics and those who do not.

## **Key Executive Decision**

Note: 'protected characteristics' are: age, gender, race and disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The council demonstrates its commitment to the Equality Act in its decision-making processes, the provision, procurement and commissioning of its services, and employment practices concerning its workforce. In addition, the council is also committed to improving the quality of life and wellbeing of all Havering residents in respect of socio-economics and health determinants.

### **HEALTH AND WELLBEING IMPLICATIONS AND RISKS**

The recommendations made in this report do not give rise to any identifiable Health and Wellbeing risks or implications that would affect either the Council or its workforce. Without the annual uplift to meet market prices, local care sector will face service disruption and will not be able to maintain safe and effective care because local providers will not be able to retain or recruit staff and maintain the structures to meet the care needs of the vulnerable residents.

### **ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS**

The recommendations made in this report do not give rise to any identifiable environmental implications.

### **BACKGROUND PAPERS**

<https://www.gov.uk/government/publications/market-sustainability-and-improvement-fund-2023-to-2024/market-sustainability-and-improvement-fund-2023-to-2024>

### **APPENDICIES**

None

**Key Executive Decision**

**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 Social Care & Health

Date: 06/04/2023

**Lodging this notice**

The signed decision notice must be delivered to Democratic Services, in the Town Hall.

**For use by Committee Administration**

This notice was lodged with me on \_\_\_\_\_

Signed \_\_\_\_\_