



Report to Leader (Adult Social Care portfolio)

Decision Date: 18 March 2021

Reference number: AS03.21

Title: **Annual fee uplift for providers 2021/2022**

Relevant councillor(s): Councillor Angela Macpherson

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Ward(s) affected: All

Recommendations:

That the Leader approves the following recommendations:

- **A standard fee uplift of 2% with the option for providers with exceptional need to be considered for up to an additional 3% to be agreed through an evidence based business case process. Exceptional need will be assessed based on a number of criteria including comparison to the average price and number of years without a fee uplift.**

Reason for decision: To meet the statutory duties of the Council and support the sustainability of the care market

- **Executive summary**

- 1.1 The 2021/22 fee uplift is being considered at a time when the adult social care sector is facing major challenges. The Care Act requires Councils with responsibility for adult social care services to enable a sustainable market. This must also be considered in relation to value for money and affordability at a time when the Council is also facing significant financial pressures. The recommended option supports the balance between these two objectives.

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1.2 Adult social care services support individuals during the most vulnerable times of their lives. The need for support can be driven by a range of physical or mental health needs and increasing frailty as people age. An analysis of provision completed in July 2020, identified that 3,090 adults were receiving funded adult social care through the services listed in Table 1. Clients are also funded for other services such as Day Opportunities.

Table 1: Breakdown of Adults Receiving Funded Adult Social Care Services

| | Older People | Older People EMI | Mental Helth 18 -64 | Mental Health 65+ | Learning Disability 18 - 64 | Learning Disability 65+ | Totals |
|------------------|--------------|------------------|---------------------|-------------------|-----------------------------|-------------------------|-------------|
| Residential | 402 | 127 | 39 | 43 | 247 | 26 | 884 |
| Nursing | 373 | 82 | 12 | 54 | 6 | 4 | 531 |
| Extra Care | 47 | 6 | 13 | 22 | 2 | 4 | 94 |
| Supported Living | 7 | 0 | 160 | 9 | 262 | 46 | 484 |
| Dom Care | 811 | 123 | 34 | 31 | 63 | 8 | 1070 |
| Shared Lives | 1 | 0 | 0 | 0 | 25 | 1 | 27 |

1.3 The Care Act (2014) confers duties on upper tier authorities in respect of market shaping and sustainability in order to ensure sufficient supply of good quality adult social care and choice wherever possible. One of the expectations of the Act is that upper tier authorities assure themselves that the fees paid enable social care providers to meet legislative requirements while, at the same time, commissioning services that are cost effective and value for money. Fee uplift proposals must balance the Council’s need to deliver best value and affordability, giving due regard to justified costs that providers face in delivering care.

1.4 People are living longer, but the extra years are not healthy years. In Buckinghamshire the gap between overall life expectancy and healthy life expectancy is 13.7 years for men and 16 years for women. The complexity of clients and levels of frailty are also expected to increase. Although the Better Lives Strategy will aim to maintain individuals to live as independently as possible, with the anticipated growing demand it is important to maintain fees at a sustainable level both to meet the requirements of the Care Act, but also to prevent a significant funding gap or loss of provision emerging in the future.

1.5 The Council has received a number of representations from providers in relation to cost pressures and has taken into consideration factors such as the National Living

Wage and the potential that variation in fees may result in some providers experiencing particular cost pressures.

1.1 The recommended option is a standard fee uplift of 2% for all providers. There will be additional support available for providers with exceptional need, who via an evidence-based business case process can be considered for up to an additional 3%. An additional uplift via a successful business case will be backdated to 1 April 2021. Exceptional need will be assessed based on a number of criteria including comparison to the average price and number of years without a fee uplift.

1.2 A number of considerations have been made in making this proposal:

- Changes to the National Living Wage which will increase by 2.2% in 2021/22.
- Other changes in law and inflationary increases over the last year.
- Levels of fee uplift over recent years.
- Benchmarking with other authorities.
- Our knowledge of the stability of our local providers.
- There is currently a very wide cost base due to a mix of large, historic block contracts and increasingly, to meet demand, a large proportion of placements and packages arranged on a spot basis, resulting in a significant variation in prices. Work is planned over the next 12 – 18 months to develop procurement vehicles for a more systematic approach to commissioning adult social care services with a greater clarity on price, and this will be undertaken in consultation with suppliers.
- In this financial year the costs related to managing the Covid-19 pandemic and the impact on the care market have been extraordinary. Where necessary, the Council has put additional support in place with providers to manage this, and a range of grant and reimbursements schemes have also been available to the care sector.
- **Other options considered**

1.3 Three other options were considered.

- Standard fee uplift across all providers only – This would not give providers with particular pressures the opportunity to be considered for an additional uplift

- A standard fee uplift with the option for all providers to request an additional uplift via a business case process – This is not an affordable option. It would also require significant capacity to administer.
- No base uplift and maximum percentage uplift to be assessed via a business case – The Council has recognised that all providers have experienced additional cost pressures and so provided a standard uplift. This option would also require significant capacity to administer and may delay decisions on uplifts, leaving providers with no increase in funding until the process is completed.

1.4 The recommended option recognises that all providers will be experiencing cost pressures but enables those in exceptional circumstances to the opportunity to access a higher uplift.

- **Legal and financial implications**

4.1 Growth has been applied to the Adult Social Care budget for 2021/22 and this includes an allowance of £3.838m for fee uplifts. The recommended option is estimated to cost £4.787m and so to enable this fee uplift £950k will be released from the Adults Social Care contingency to meet this cost.

4.2 The recommended option aims to balance supporting a sustainable care market with value for money and affordability for the Council.

- **Corporate implications**

1.5 There are no significant corporate implications related to this decision. An Equality Impact Assessment (EIA) screening has been undertaken and as there is no change to the provision of services a full EIA is not required

- **Consultation with local Councillors & Community Boards**

1.6 There are no implications for specific wards and no consultation with Councillors and Community Boards is required.

- **Communication, engagement & further consultation**

1.7 A specific consultation with providers has not been undertaken to inform this proposal. As outlined in point 1.2, due to a number of factors there is a very wide cost base. Work is planned over the next 12 – 18 months to develop procurement vehicles for a more systematic approach to commissioning adult social care services with a greater clarity on price. This work will include work with providers in relation to cost of care, in particular once the wider implications of Covid-19 on costs of care

are better understood. Although there has not been a specific consultation, the Council has been in contact throughout the year with providers and is aware of the financial pressures they are reporting. The Council has taken account of the views that providers have expressed in relation to the fee uplift for 2020/21 as well as wider covid-19 and other financial pressures.

1.8 Once the decision is approved this will be communicated to providers, included the process for those with exceptional need

- **Next steps and review**

1.9 Once the decision is approved the standard fee uplift will be applied from 1 April 2021. A process and timescale for the evidence-based business case is currently under development and will be shared with providers in the new financial year. Time will be required for the submission and evaluation of business cases. All successful applications for additional fee uplift will be backdated to 1 April 2021.

- **Background papers**

1.10 There are no background papers

- **Your questions and views (for key decisions)**

1.11 If you have any questions about the matters contained in this report please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider please inform the democratic services team. This can be done by telephone 01296 382343 or email democracy@buckinghamshire.gov.uk.