

Forward Plan reference number: FP/250/09/23

Report title: Annual Review of the Live at Home Framework 2023/24 and Pricing Increases for Domiciliary Care	
Report to: Cabinet	
Report author: Councillor John Spence, Cabinet Member for Health, Adult Social Care and ICS Integration	
Date: 14 November 2023	For: Decision
Enquiries to: Moira McGrath, Director of Commissioning (moira.mcgrath@essex.gov.uk) or Zoe Harriss, Procurement Lead (zoe.harriss@essex.gov.uk) or Matthew Barnett, Head of Strategic Commissioning and Policy (matthew.barnett@essex.gov.uk)	
County Divisions affected: All Essex	

1. Everyone's Essex

- 1.1 Our ambition is that we help people with care needs to live as independently and safely in their own homes as they can, and ensure they have the support they need to promote their wellbeing and quality of life.
- 1.2 This is set out in Everyone's Essex, the Council's ambitious four-year plan, as a commitment and ambition to improve and support the health and wellbeing of the County's residents.
- 1.3 At the same time, the Care Act 2014 places a legal duty on local authorities to promote a sustainable, diverse, and vibrant market for care and support that delivers high quality services for all local people (however that care is funded). Under the Act, the Council has a statutory duty to meet eligible needs. Providing domiciliary care (also known as homecare) and support is one way to meet those needs.
- 1.4 The Council recognises the critical and valued work that care workers across Essex perform, supporting the most vulnerable people in our society. The Council also recognises the exceptionally challenging economic climate for the care market, in the light of high inflation, increasing interest rates, and high and rising energy costs.
- 1.5 The Council is committed to doing what we can to increase funding in the care market and ensure that the sector as a whole is sustainable. We want to make our framework contracts more attractive for care providers to work on with us, and we want to invest in the homecare market so that we can help to grow capacity and enable providers to improve terms and conditions for their workforce and help address cost of living challenges.
- 1.6 Having a strong range of providers on a Framework not only provides stability and certainty to the care market and ECC, it is also of ultimate value to those

residents in receipt of home care, who benefit from a greater degree of that same stability and certainty, with, for example, the likelihood of longer-term relationships with care providers.

- 1.7 This report therefore seeks approval to increase the rates paid to domiciliary care providers on the Council's Live at Home Framework and for existing packages of domiciliary care purchased outside of this framework. These rate increases are in addition to those of up to 14.6% agreed by Cabinet in February 2023. This will help to secure the necessary workforce in order to develop our longer-term strategy and drive further service improvements.

2. Recommendations

- 2.1. Agree to open pricing submissions in the Live at Home Framework which will enable providers currently on the Framework to submit new prices for new care packages from the updated matrices in Appendix A, which will take effect from 31 March 24 to 11 August 25, representing an average of 6.5% increase in the rates.
- 2.2. Agree to uplift existing packages of domiciliary care (excluding night sleep and 24-hour live-in care) with effect from 31 March 2024 so that:
 - (a) Packages provided under the Live at Home Framework are increased by £1.52 per hour, representing an average increase of 6.5% and
 - (b) Packages not provided under the Live at Home Framework will be uplifted to the new minimum rate of £23.84 per hour if they are currently less than that.
- 2.3. Agree that the Executive Director, Adult Social Care is authorised to agree the contractual changes required to the Live at Home Framework to reflect the outcome of the pricing submissions and the updated pricing matrices referred to in paragraph 2.1 above, provided that the impact on budget remains within the thresholds set out in paragraphs 6.1.2 and 6.1.3 of this report.
- 2.4. Agree that the Director, Procurement, in consultation with the Executive Director, Adult Social Care, is authorised to agree:
 - (a) which districts will be opened to competition to existing providers on the Live at Home Framework to given an opportunity to become a Tier 1 provider; and
 - (b) the Target Supply Areas, where, due to difficulty sourcing care, existing providers can select a higher rate,

provided that the impact on the budget remains within the thresholds set out in paragraphs 6.1.2 and 6.1.3 of this report.

3. Background and Proposal

- 3.1. The Council's strategic ambition is to enable more people to be able to be supported for as long as possible in their own homes, where that is the most appropriate and desired place for them. Investing in, and growing capacity within, the domiciliary care market is an important way in which the Council can support people to be cared for at home, to reduce avoidable admissions into residential care homes, and to support hospital discharge processes.
- 3.2. The Council has a responsibility to secure the provision of long-term domiciliary care to those adults who need it, and as far as possible, the Council provides that care in people's own homes. To ensure that this care and support can be accessed as easily and cost-effectively as possible, the Council has set up a framework agreement for personal care and support services. This is known as the Live at Home Framework (LAH Framework) which commenced in August 2021. Where placements cannot be made using the LAH Framework, a spot purchase contract may be used.
- 3.3. The LAH Framework has a four-year term, expiring on 11 August 2025. It includes a contractual mechanism to place adults requiring long term domiciliary services with good quality providers that can meet their eligible assessed needs. The LAH Framework covers several service types including personal care, carer's support, carer's break, night awake, night sleep and 24-hour live-in care. There are 101 providers active on the LAH Framework. Of the 101 providers, 82 have positions on the standard personal care ranked lists and 19 providers are only on the 24-hour / live-in care ranked lists. Most providers are on more than one list. Some providers on the LAH Framework have been assessed as Tier 1 where they meet quality standards and are given priority to accept work under the LAH Framework.
- 3.4. Packages of care are offered in order of the highest ranked Tier 1 provider then if the package is not accepted by a Tier 1 provider, the package is offered to Tier 2 providers in descending order.
- 3.5. The Council has a strategic ambition to purchase as much care as possible via those providers on the LAH Framework. If the proportion of work placed via the LAH Framework increases and the capacity of the providers on the LAH Framework grows, the Council will not need to make placements via the spot market which is traditionally at a higher cost, and in some cases, lower quality.
- 3.6. Since the commencement of the LAH Framework, considerable effort and investment has been made to improve utilisation of the LAH Framework. Prior to the April 2023 pricing increases agreed by Cabinet, 52% of care packages were being delivered by LAH Framework providers. Following the LAH Framework pricing increases - of up to 14.6% -, use of the LAH Framework has increased to 86% in August 2023. In a typical week, around 6,600 adults receive domiciliary care, equating to 122,000 hours of care.

Price increases

- 3.7. Previous feedback from LAH Framework highlighted difficulties in staff recruitment resulting from a combination of factors, including the effects of the pandemic, inflationary pressures and difficulty in paying staff with the money received on the rate that the provider has selected. The decisions taken by the Council in 2023 to introduce pricing increases has helped address that position and the pricing increase recommended in this report is a further opportunity to solidify this market. This feedback has been considered as part of the current Annual Review Process, which is an annual review of the LAH Framework which the Council must carry out each year, which has been undertaken and which results in the recommendations set out in this report.
- 3.8. Based on that provider feedback, and the ambition to grow and develop the care at home market, the recommendation resulting from the Annual Review Process is to apply an increase of £1.52 to each price point, signifying an average increase of 6.5% in the LAH Framework rates from April 2024. The proposed new rates are set out in Appendix A.
- 3.9. In the autumn of 2022, local authorities were asked to undertake a 'fair cost of care' exercise for domiciliary care and also for older people's residential care and to submit findings to Government in October 2022. During 2022/23, the Council administered grant funding from central government to the domiciliary care market to increase some hourly rates, to move their rates closer to the provisional output from that exercise. In line with market-shaping ambitions, the majority of this grant funding was used to increase rates for existing personal care packages delivered by LAH Framework providers. These increases were embedded fully in the 2023 LAH Framework pricing matrices and the current ECC cost of care calculation, along with the inflated median result from the Fair Cost of Care exercise, remains consistent with the pricing matrices proposed for 2024 as set out in this report.
- 3.10. This report recommends opening pricing submissions to enable existing providers on the LAH Framework to amend their rates for new care packages by selecting prices from the revised pricing matrix at Appendix A.
- 3.11. The price points on the new price matrix have been increased by an average of 6.5%. This will encourage providers to remain on the LAH Framework and should help providers to retain and recruit staff and increase the proportion of packages sourced with LAH Framework providers. This will see the lowest Framework price point being £23.84 per hour and the highest being £27.24 per hour (£28.44 in Epping only).
- 3.12. It is also recommended that prices are increased for all existing LAH Framework packages by £1.52, excluding 24-hour care and night sleeping services.
- 3.13. Furthermore, it is recommended that all spot purchased packages of domiciliary care are uplifted to a minimum of £23.84 per hour (excluding 24-hour care and night sleeping services) where those packages are below this. This is intended to support spot providers' financial viability, mitigating the risk of those packages being terminated.

- 3.14. The proposals within this report do not impact services commissioned through the Supported Living contracts, Reablement and Additional Reablement contracts and the Extra Care contracts. They also do not impact on the Uttlesford and Braintree block contracts and the Provider of Last Resort service commissioned via the LAH Framework.

Tier 1 Providers

- 3.15. Packages of care are offered in order of the highest ranked Tier 1 provider then if the package is not accepted by a Tier 1 provider, the package is offered to Tier 2 providers in descending order.
- 3.16. The Council is only obliged to re-open Tier 1 in the districts where more than 51% of placements are made to providers either on Tier 2 or outside of the LAH Framework by way of a spot placement and there is a vacancy on Tier 1. Providers on that district's ranked list that meet the Tier 1 eligibility criteria, may then bid for inclusion on Tier 1.
- 3.17. It is proposed that the Director, Procurement, in consultation with the Executive Director, Adult Social Care, carries out a review of the Tier 1 provision in accordance with the terms of the LAH Framework and agrees to re-open Tier 1 if the relevant conditions are met and subject to such proposals being within the budget thresholds set out in this report.

TSA Areas

- 3.18. Availability of care across the County is currently good overall but there are wards where there is a lack of provision. This is typically linked to areas where there is more travel time between care visits, often rural areas. The Council is looking to attract more LAH Framework suppliers into these areas to build capacity. These areas have been designated within the LAH Framework as Target Supply Areas (TSAs) and suppliers may select a TSA rate, in addition to their base rate, to cover the higher travel costs. TSAs are either added or removed depending on whether there is sufficient supply via the LAH Framework, determined by the proportion of supply being commissioned with framework providers and the volume of framework providers operating in a ward.
- 3.19. It is proposed that the Director, Procurement, in consultation with the Executive Director, Adult Social Care, carries out a review of the TSAs in accordance with the terms of the LAH Framework, and designates additional TSAs if required and removes some TSAs if the relevant conditions are met and subject to such proposals being within the budget thresholds set out in this report.

4. Links to our Strategic Ambitions

- 4.1 This report links to the following aims in the Essex Vision:

- Enjoy life into old age
- Strengthen communities through participation
- Develop our County sustainably
- Connect us to each other and the world

4.2 Approving the recommendations in this report will have the following impact on the Council's ambition to be net carbon neutral by 2030:

- Increasing use of hybrid and other alternative vehicles
- Walking rounds and locally employed carers to minimise travelling requirements
- Using data and technology to support needs

4.3 This report links to the following strategic priorities in the emerging Organisational Strategy 'Everyone's Essex':

- A strong, inclusive and sustainable economy
- A high quality environment
- Health wellbeing and independence for all ages
- A good place for children and families to grow

5. Options

5.1 **Option 1: Uplift new and existing personal care rates for LAH Framework packages of care and uplift spot packages of care to the new minimum rate (recommended option)**

5.1.1 This option will mean that the market is better able to provide the home care capacity needed on an ongoing basis and should result in building some resilience into the personal care system.

5.1.2 It also supports the market to increase supply in the hard to source areas of the County.

5.2 **Option 2: Do nothing**

5.2.1 Doing nothing would mean not uplifting the minimum rate for standard personal care and not allowing providers to select prices for new packages, all of which would support providers to remain financially sustainable.

5.2.2 This is likely to result in a greater reliance on the spot market for care provision where there is less control over price and quality.

5.2.3 Furthermore, it is also likely to result in a reduction in capacity for Council funded provision, as providers may choose to focus on developing their private customer base, where they can charge higher rates. This would expose the Council to the risk that it would not be able to source all the home care it needs to support the people of Essex.

5.3 Option 3: Establish a new LAH contract or Framework Agreement

- 5.3.1 The LAH Framework is coming to an end, meaning that this is the last annual refresh. Officers have commenced a review of options for the new contractual model in 2025.
- 5.3.2 The review will include consultation or surveys with care providers, adults in receipt of a domiciliary care services and care workers.
- 5.3.3 To implement a new contractual model now would negatively impact the quality of the review and the effectiveness or outcome of the new contractual model.
- 5.3.4 The current contractual arrangements are performing very well with 86% pick up from the LAH Framework in the last month.

6. Issues for consideration

6.1 Financial implications

- 6.1.1 The Adult Social Care budget for 2024/25 will include provision for the cost of long-term domiciliary care (including Supported Living and Extra Care) while taking account of inflationary and demographic pressures. The latest working assumptions in the Medium-Term Resource Strategy (MTRS) include c£140m expenditure in 2024/25 for Live at Home Framework and spot purchased domiciliary care packages as well as the ongoing cost across the MTRS period. The volumes assumed in the final budget will be based on October 2023 activity. There is a risk that package costs increase during 2024/25 at a higher rate than assumed in October 2023 and if this materialises, any pressure will need to be managed within the overall Adult Social Care budget including the Adults Risk Reserve.
- 6.1.2 The financial impact of the recommendations in section 2 of this report have been calculated using a blended approach to predicted NLW and CPI increases. The impact is expected to be £6.8m in 2024/25 and £2.4m for the first four months and eleven days of 2025/26. It will be funded through the Adult Social Care, Care and Support Budgets, where draft inflationary budgets have been set on this basis. If costs exceed the estimate due to provider behaviour, the Market Sustainability and Improvement Funding Grant (MSIF) will fund the increase. This is a grant that sits within the Adult Social Care revenue budget and is included in the draft budget for the period of this decision. The use of this is in keeping with the terms and conditions of the grant.
- 6.1.3 The financial modelling assumes that, where a package is re-purchased, providers will choose the Framework price on the same pricing point on the matrix as currently, albeit at the revised rate. Modelling also assumes that the current split of hours paid for through the Live at Home Framework and spot arrangements will be maintained. It is assumed that all packages will churn once a year. These are assumptions for modelling purposes, but the reality is

likely to be different, meaning that the impact on budget will be different. This will be evaluated once the re-pricing exercise has finished, and any materialisation of risk or opportunity will be dealt with as part of a separate decision. The maximum financial exposure of risk in relation to all providers choosing the highest price point is c£3.6m in 2024/25, c£2.4m for the first four months of 2025/26; the eventual full year impact would be c£7.2m. There is a greater risk in this refresh due to it covering a period of 16 months rather than the usual 12.

- 6.1.4 It should be noted that the cost of domiciliary care activity covered by this report will depend on the actual split of Framework and spot provision throughout the period of this decision, 31 March 2024 to 11 August 2025. Estimates in this report are based on current market insight, but there is a risk that prices may be higher as spot prices are inherently volatile, and the balance of spot to Framework placements, including providers choosing higher rates, could change. The spend and placement types will be regularly reviewed during the year, through the Council's usual budgetary control processes, to ensure that any issues are identified and to ensure that timely and appropriate mitigations can be put in place if necessary.
- 6.1.5 The MSIF grant has been announced for 2023/24 and 2024/25 only, and there is a risk that the funding ceases after this time. It is currently assumed within the MTRS, however, to be an ongoing grant. If the funding were to cease after 2024/25, assumptions would need to be updated in the MTRS, where expenditure in this decision is permanent and funding is only announced for two years.

6.2 Legal implications

- 6.2.1 The Council is undertaking an Annual Review Process in accordance with the terms of the LAH Framework, which enables providers already on the LAH Framework to select a new price from amended pricing matrices and have their performance assessed which results in providers being "re-ranked" on the Live at Home Ranked Lists, which are used for the purposes of allocating placements.
- 6.2.2 The terms of the LAH Framework permit the Council to amend the pricing matrices and the Target Supply Areas (TSAs) when undertaking a Review Process, whether this is a process which permits new entrants or is limited to existing LAH Framework providers. The terms of the LAH Framework permit the Council to uplift the prices paid for existing placements to the new minimum rate on the amended pricing matrices.
- 6.2.3 The Care Act 2014 requires the Council to ensure that the fee levels charged for care and support are appropriate to deliver the care and support to the agreed quality, while also ensuring that the commissioned services are cost-effective and good value for public money. It also places a duty on the Council to promote an effective and efficient market for adult care and support.

7 Equality and Diversity Considerations

- 7.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, sex, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).
- 7.3 The Equalities Comprehensive Impact Assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

8 List of Appendices

- 8.1 Appendix A: Recommended pricing matrices
- 8.2 Appendix B: Equalities Comprehensive Impact Assessment

9 List of Background Papers

- 9.1 [Essex Adult Social Care Business Plan 2021-25](#)