

**Forward Plan reference number: FP/024/01/23**

<b>Report title:</b> Working Age and Older Adults Care and Support Provision Uplifts	
<b>Report to:</b> Cabinet	
<b>Report author:</b> Councillor John Spence, Cabinet Member for Adult Social Care and Health	
<b>Date:</b> 21 March 2023	<b>For:</b> Decision
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<b>County Divisions affected:</b> All Essex	

## 1. Everyone's Essex

- 1.1 Everyone's Essex sets out the strategic aim of health, wellbeing, and independence for all ages. Our ambition is that we help people with care needs to live as independently and safely in their own homes as they can, and to ensure they have the support they need to promote their wellbeing and quality of life.
- 1.2 One way to support this aim is through ensuring we have a sustainable care market in Essex, with a diverse range of high-quality accommodation services that residents can access to meet their care needs.
- 1.3 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.
- 1.4 The Council is committed to doing what it can to increase funding in the care market to ensure that the sector as a whole is sustainable. On 6 February 2023, the Government published a policy paper on social care alongside the final local government settlement, making clear that additional funding provided to councils should help address discharge delays, social care waiting times, low fee rates, and workforce pressures. Detailed grant conditions are still awaited.
- 1.5 The proposals in this paper set out uplifts for care providers that operate supported living and extra care settings, and for those that work with working age adults with disabilities and mental health support needs. This paper addresses parts of the care market that were not covered by the February 2023 Cabinet decision on the Council's Live at Home (LAH) framework or Integrated Residential and Nursing (IRN) Framework. As well as being fully aligned with the commitment in Everyone's Essex around independence, this proposal will support levelling up for many people with care needs in our county.
- 1.6 A further report will come to a future Cabinet outlining further proposals about how the Council will invest in the care market to address key market challenges and support improved terms and conditions for care workers. As part of these

proposals we will be negotiating with providers to enable transparency and ensure that further investment into the market is passed on to the care staff.

- 1.7 The proposals in this paper do not create any additional climate impacts, which is consistent with our net zero climate commitments set out in Everyone's Essex.

## **2 Recommendations**

### **Adults with Disabilities Supported Living Services:**

- 2.1 Agree to uplift fees by 11.1% from 1 April 2023 for all existing and new packages of care and support for Adults with Disabilities (AWD) residing in Supported Living accommodation, for providers within the administrative county of Essex, to £19.16 per hour for non-complex placements and £21.04 per hour for complex needs placements.

### **Adults with Disabilities Residential Services:**

- 2.2 Agree to uplift fees by 8% from 1 April 2023 for providers who have completed the Care Cubed assessment tool and provided the results to the Council; no uplift will be applied to a provider until they have engaged in this assessment process.
- 2.3 Agree to uplift of core and 1:1 rate for new and existing placements on the Complex Residential Framework by a maximum of 8% from April 2023.

### **Mental Health Accommodation Services:**

- 2.4 Agree to uplift of fees by a maximum of 7.7% for all existing and new packages from April 2023 for services delivered under the new Mental Health Accommodation Pathway, and Supported to Independence, Intensive Enablement, and Intensive Enablement Plus services, with a capped rate of £19.16 per hour for non-complex packages and a capped rate of £21.04 per hour for complex needs packages.

### **Mental Health Residential Services:**

- 2.5 Agree to uplift of fees by 8% for existing and new providers from April 2023.

### **Extra Care Services:**

- 2.6 Agree to uplift fees by up to 11.1% on average for all existing care and support plans for those older adults living within extra care accommodation, which equates to a fixed rate increase of £2.12 per hour from April 2023.
- 2.7 Agree to give a new maximum rate of £21.04 per hour and minimum rate of £16.72 per hour, used for the placement of adults into Extra Care Schemes with effect from 2 April 2023.

### **Out of County Placements:**

- 2.8 Agree to increase by an individually agreed amount not exceeding the 'host' authority uplift across all services if (a) the provider requests this and provides supporting evidence and (b) in the case of residential care, only where the Council is satisfied that the provider has completed the Care Cubed toolkit and the results demonstrate appropriate value for money.

### **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 a range of accommodation options is an important way the Council can support people to live their lives to the fullest.
- 3.2 The Council currently secures a range of care options for adults of working age (18-64) and for older people (aged over 65). These include:
- a) Domiciliary care services at home
  - b) Residential and nursing care for older people
  - c) Supported Living in specific accommodation
  - d) Extra Care Housing
  - e) Residential care for adults with disabilities and mental health support needs
- 3.3 The Essex Market Shaping Strategy (to be considered elsewhere on this agenda) sets out our intention to shape the market over the next seven years so that we can help develop and grow market solutions and capacity where it is needed and to support people to be as independent as possible and to remain in their own homes. This requires access to a range of accommodation options.
- 3.4 The strategic direction for accommodation services within Essex is to maximise the use of more independent options such as Supported Living and Extra Care housing. Ensuring sustainable fees within these services will encourage and increase development to meet our strategic aims. Less independent options such as residential care are still required but their use is targeted towards adults with more complex needs and those that are unable to live independently.
- 3.5 The Council commissions a range of Supported Living Services for Adults With Disabilities (AWD), Mental Health (MH), along with specialist Supported to Independence services, Intensive Enablement and Older People Extra Care services.
- 3.6 The Council also commissions both residential Services for AWD and MH support, which are not covered by the Integrated Residential and Nursing Framework (IRN).
- 3.7 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 contracts more attractive for providers, investing in care and support services, so that we can help grow capacity and enable providers to attract, recruit and retain, through improved terms and conditions for their workforce.

- 3.8 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, labour market constraints, increasing interest rates, and high and rising energy costs.
- 3.9 The key drivers that define the uplift awarded by the Council are increases to the National Living Wage and increases to general inflation which is represented within the Consumer Price Index (CPI). The majority of cost to providers in delivering services comes from staffing and wages.

### **AWD Supported Living**

- 3.10 The AWD Supported Living cost of care model was developed with the market in 2018 and continues to be used to help understand the cost drivers and establish the hourly rates that should be paid as a minimum.
- 3.11 This model is driven primarily through increases made to the National Living Wage, with an additional allowance to reflect the rates care staff are usually paid. The results of the cost of care exercise carried out this year also considered aspects of the Fair Cost of Care (mandated by Government for Residential for older adults and Domiciliary care for all adults, but not for Supported Living). Following this, it is proposed that rates are increased to £19.16 per hour for non-complex and £21.04 per hour for complex care and support plans. This is an 11.1% increase on current rates and is based on the median average of the analysed returns received following the application of the cost of care exercise.

### **AWD Residential**

- 3.12 AWD Residential packages are placed on an individual basis, with each fee being agreed and based on the specific care and support needs of the adult, including core costs of the homes. Currently, all placements made into AWD and MH residential services are benchmarked through "Care Cubed", which is an independently developed tool which seeks to assist local authorities and providers to understand the costs within a residential package. The benchmarks built into Care Cubed are taken from national placement data.
- 3.13 The Council intends to use residential care for adults with disabilities only where that need is complex and can be best met in a residential setting. There is surplus capacity and wage levels are typically higher in this sector of the market. Our market shaping strategy is to ensure we have a range of alternative accommodation options that provide a means to support adults with disabilities to be as independent as possible. The Council will target its investments that enable this market shift.

- 3.14 The Council is proposing an increase of 8% for AWD Residential fees. The model used to calculate the proposed increase to AWD residential services was based on applying the full effect of the National Living Wage to support workers, but slightly lower increases to senior support workers and management staff on the basis they are likely to be paid more than the National Living Wage and are not likely to see wage increases to the same degree as support workers.
- 3.15 The Council proposes to automatically award the full 8% increase where providers have been through the Care Cubed process. Packages that have not been through this process or where further information is requested, will be subject to further scrutiny by the Council before agreement to increase fees up to the maximum of 8%.

### **Mental Health Accommodation Services**

- 3.16 There are a range of different services provided to adults with mental health needs and the Council are in the process of rolling out a new model of accommodation services, with parts of Essex already being covered by these new contracts as of January 2023. Existing contracts for services remain in operation in Mid and South Essex, along with other spot placements across Essex.
- 3.17 Due to the similarity to AWD Supported Living care and support fees contained in this paper, it is proposed to increase fees to the same capped rates of £19.16 per hour for non-complex care and support plans and £21.04 per hour for complex care and support plans. This would be a 7.7% uplift for these packages. Packages that are paid above these rates would not be subject to any increases, and where the application of an uplift would exceed these capped rates, then a lower percentage increase would be applied, to retain them within the capped limits.

### **Mental Health Residential Services**

- 3.18 The placements for MH residential services are made on a 'spot' basis, with any annual uplifts being awarded at the discretion of the Council. Placements into MH residential services are also made and benchmarked through Care Cubed.
- 3.19 It is proposed to uplift all Mental Health residential packages by 8% in line with the amount proposed for AWD residential providers. Due to the smaller scale of placements and lower rates paid to these services when compared to AWD placements, it is proposed to award the increase to all packages.

### **Extra Care Services**

- 3.20 Care and support packages within Extra Care schemes are placed using a matrix of rates currently ranging from £14.60 to £19.08 selected by the provider and then applied to all personal care and support, delivered by them within that scheme.

3.21 The proposal is to increase the existing personal care and support rate by an average of up to 11.1% via a fixed increase of £2.12 per hour, capped at the revised highest matrix rate of £21.04 per hour for all existing packages of care from 2 April 2023. Any rates currently paid above the £21.04 will not receive an uplift.

### **Out of county placements**

3.22 Care placements can sometimes be made out of county. This could be for a variety of reasons, such as proximity to family or because the complexity of need cannot be met by provision within Essex.

3.23 Placements that are outside of the county will not receive an automatic increase and consideration of any uplifts will be by individual application. Where an uplift request is received, providers will be asked for additional information to support and justify their request for an increase which will then be applied to the Care Cubed assessment process to evaluate and individual increases may be agreed, up to a maximum of the uplift % awarded by the host authority.

## **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
- Share prosperity with everyone

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

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

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

## **5 Options**

### **5.1 Do nothing**

This option would see no increase awarded to the market. The advantage of this approach is that it would not increase costs to the Council. The disadvantages are that not uplifting packages will increase the financial pressure on providers and could result in a higher number of hand backs of packages which require re-sourcing in a challenging market. The quality of care could decrease as providers

cut costs further to ensure they can pay the legally required minimum wages. It would also not align with the national policy expectations.

## **5.2 Award an uplift below the recommended amount**

This option would provide an increase to the market on current packages, but below the amount that has been calculated and recommended within this paper. The advantages of this approach are that it would result in a smaller cost to the Council, and any increase will assist the market with financial pressures. The disadvantages of this approach are that failing to uplift to the calculated amount will increase financial pressure on providers, leading to a higher number of hand-backs of packages which require re-sourcing in a challenging market. This could also mean that the quality of care could decrease as providers cut costs further to ensure they can pay the legally required minimum wages.

## **5.3 Award an uplift in line with the recommended amounts (recommended)**

This option would provide an increase to the market and current packages, which have been calculated as the minimum required to enable providers to keep pace with financial pressures from inflation and wage increases. The advantages of this option are that it will support the Council's market shaping objectives and would significantly reduce the likelihood of package hand-backs from providers for reasons of financial viability and should allow providers to continue to deliver high quality services. The disadvantage is that it is a more costly option for the Council.

# **6 Issues for Consideration**

## **6.1 Financial implications**

6.1.1 The estimated total maximum cost of the recommended options is £17.5m: £9m for Supported Living, £6.6m-£7.8m for Residential Care (the actual total value of the uplift will be determined by the number of providers who currently have not been through the care-cubed process and now choose to engage with the assessment), £358,000 for Mental Health Accommodation Services, and £307,000 for Extra Care.

6.1.2 The recommendations will be funded through the Adult Social Care budget, including up to £4.5m through the Market Sustainability and Improvement Funding (MSIF) Grant, (£2.8m for Supported Living, £823,000-£1.2m for Residential Services, £358,000 for Mental Health Accommodation Services and £88,000 for Extra Care). The final terms and conditions for this grant have not yet been published, however an explanatory note from DLUHC has set out a high-level overview of the expected grant conditions which align to those of the proposals recommended in this report that are drawing on that grant. Taking the decision ahead of confirmed terms and conditions ensures the annual refresh takes place within the contractual timescales. Should the detailed conditions of the grant (when published) not allow for the total funding requirement outlined

here, the shortfall could be managed through the increase in the Social Care Grant, held within the Adults Transformation Reserve.

6.1.3 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. If that happened assumptions would need to be updated in the Medium-Term Resource Strategy (MTRS) where expenditure in this decision is permanent and funding is only announced for two years

6.1.4 The actual cost of the uplifts will be continually monitored as part of the monthly budgetary control processes.

## **6.2 Legal implications**

6.2.1 The contracts contain provision for ECC to give discretionary increases to providers at its discretion. These price uplifts for these contracts would be lawful. The Council needs to assure itself that these payments represent good value for public money in accordance with its best value duty under part I of the Local Government Act 1972.

## **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, gender, 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 equality 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**

Equality Comprehensive Impact Assessment (ECIA)



**9 List of Background Documents**

None