

**From:** Richard Smith, Corporate Director Adult Social Care and Health

**To:** Clair Bell, Cabinet Member for Adult Social Care and Public Health

**Subject:** **Additional Mid-Year Adult Social Care Community Contract Fee Uplifts**

**Decision Number:** **22/00063**

**Classification:** Unrestricted

**Past Pathway of Paper:** N/A

**Future Pathway of Paper:** N/A

**Electoral Division:** All

**Summary:** This report highlights the need for a further mid-year price fee uplift for contracted community service providers and outlines the approach to administering the additional award from August 2022. This is estimated to cost an additional £4.4m for Adult Social Care and will be funded from the directorate's budgets for prices and market sustainability.

Further consideration will be given to Direct Payments and Personal Assistants in line with this uplift.

**Recommendations:** The Cabinet Member for Adult Social Care and Public Health is asked to:

a) **APPROVE** the proposed fee uplifts as set out below:

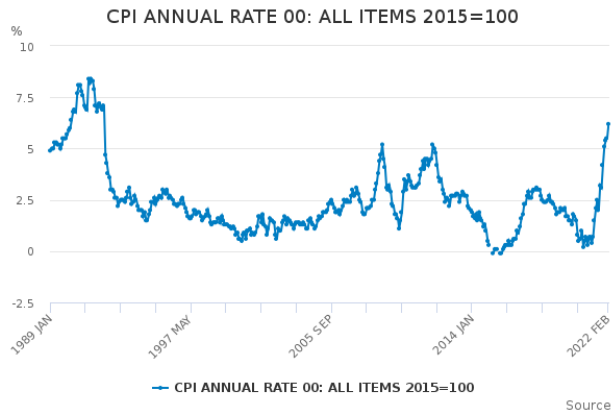
<b>Contract</b>	<b>Percentage Uplift</b>
Care and Support in the Home - Home Care	4%
Care and Support in the Home – Supported Living/Supporting Independence Service	4%

b) **DELEGATE** authority to the Corporate Director Adult Social Care and Health in consultation with the Cabinet Member for Adult Social Care and Public Health, to agree the fee uplift for Direct Payments and Personal Assistants; and

c) **DELEGATE** authority to the Corporate Director Adult Social Care and Health to take the relevant actions, including but not limited to finalising the terms of and entering into required contracts or other legal agreements, as necessary to implement the decision.

## 1. Introduction

- 1.1 This report provides a recommendation for an additional mid-year fee uplift for framework community providers. This is in addition to the Council's contractual obligations, which saw a 3% uplift applied to all contracted lines in April 2022.
- 1.2 The exponential increase in fuel costs and the general cost of living increases means that for community providers the fee uplift applied in April is not sufficient to meet the rising costs of delivery, leading to an increased number of unmet care packages as framework providers are unable to meet the costs of delivering these.
- 1.3 Due to the various cost pressures facing the sector, for the contractual annual fee uplift, applied in April 2022, the Council departed from the blended approach based on the National Living Wage in favour of a flat rate percentage uplift in line with the budget availability. Officers in Strategic Commissioning and Finance scoped the impact of each service, applying the percentage award to fees based on contractual requirements.
- 1.4 As in previous years the trade associations (Kent Integrated Care Alliance (KICA) and the National Care Association) were taken through the assumptions and approach taken. The Cabinet Member for Adult Social Care and Public Health wrote to KICA on 14 February 2022 to confirm the percentage fee uplift to be applied in April 2022 to those eligible.
- 1.5 Providers have highlighted that they are facing spending pressures from inflation and increased pay and national insurance costs in excess of the average 3% provision for locally negotiated fee uplifts that was affordable within the 2022-23 budget. The 3% fee uplift was set, taking into account the Kent pay scheme recommendations for 2022-23, the significant financial support given to providers over the last two years, and the available funding for 2022-23 raised through council tax and government grant settlement. The average 3% increase recognised that providers would be expected to find efficiency and other savings to offset some of the spending pressures as indeed the Council is having to do.
- 1.6 Since budgets were set in February, inflation has continued to rise with the Office of National Statistics figure (Consumer Price Index) at 9% on 18 May 2022. The table below shows the exponential increase from February 2022 when the budget was set. For community providers the key components of their costs are staff wages and travel costs.



Source:

- 1.7 The significant rise in the cost of delivery has resulted in an increased number of care packages being handed back and new care packages taking longer to fill. This has put additional pressure across both parts of the health and social care system.
- 1.8 The 'Adult Social Care Contract Fee Awards April 2022' report, presented to Adult Social Care Directorate Management Team on 1 March 2022, proposed the approach to contract price awards for April 2022. The proposal was for a 3% uplift to be applied to the five key contracts, which account for 75% of spend in Adult Social Care. It was recommended that this blanket increase be allocated to providers whose care packages are delivered via a compliant procurement process, signalling the Council's ongoing commitment to working with providers who engage with our formal commissioning arrangements.
- 1.9 Due to the ongoing recruitment and retention crisis across the sector, those providers whose care packages are delivered via a framework have often lacked the capacity to deliver the number of care packages required. Staff are moving out of the sector to services such as hospitality or retail, or salary competition between providers is driving the hourly rates up, pushing more packages to off framework provision due to the rate cap.
- 1.10 The number of packages awaiting purchase has increased, along with the length of time waiting. This has led to an increasing reliance on providers who have not been contracted via a compliant process, with packages being purchased via 'Indi' (Individual) contracts.
- 1.11 Due to the current state of the market, many providers are choosing to deliver packages at considerably higher percentages over the framework rates, and these arrangements are no longer temporary. Given the ongoing difficulties in sourcing packages of care, in most instances, these rates have been accepted.
- 1.12 If this trend continues the total spend off framework will exceed that of our framework providers. This is a breach of the Public Contract Regulations 2015 and Spending the Council's Money.

- 1.13 To mitigate this risk a project team was put in place, utilising their skills to determine what will need to stop, how to improve and manage this process and look at consequential impact.
- 1.14 The additional mid-year uplift being proposed to Care and Support in the Home (CSiH) Home Care Framework providers will assist them with recruiting new staff and retaining their existing workforce. It also further signals our support to providers who work within our commissioning processes and enables us to adhere to PCR15 and Spending the Council's Money.
- 1.15 With immediate effect operational colleagues implemented a 25% above guide ceiling rate for the purchase of packages of support, stated at the point Purchasing contact providers rather than during the negotiation. The only exceptions are where there is a high level of risk if the persons needs are not met and as such that a package will need to be agreed at a rate higher than the 25%. These exceptions are agreed by the appropriate Assistant Director.

## **2. Commercial Considerations**

- 2.1 Commissioned service providers, like the Council, are directly impacted by spikes in inflation, predominately through increases in commodity prices. Depending on the terms and conditions of the contracts they hold with the Council, these costs will need to be absorbed within their agreed contractual price.
- 2.2 The rise in fuel costs affects operational delivery both directly and indirectly across these services.
- 2.3 Since the pandemic and the war in Ukraine, costs have increased across the board at a right higher than anticipated when our budgets were set in February 2022.
- 2.4 The proposed additional fee uplift will be allocated to providers whose care packages are delivered via a compliant procurement process, signalling the Council's ongoing commitment to working with providers who engage with our formal commissioning arrangements.
- 2.5 It is recognised that the sectors costs have risen at a greater level than 3%, especially where workers have to travel across the county to deliver care into people's homes. This mid-year fee uplift is necessary to enable providers to continue to deliver care in the community.
- 2.6 It must be noted that within the Making a Difference Every Day approach there is the move to offer more choice to meet people's assessed needs with a greater emphasis on Self Directed Support and Preventative Services. It is therefore important that during this coming financial year an alternative approach to fee uplifts, to support the direction of travel is taken in the context of the changes to the Care Act.

**3. The Care and Support in the Home: Community Contract.** This covers the previous Domiciliary Care (Homecare) and the Community based Supporting Independence Service (SIS) provision.

3.1 It is recommended to give contracted providers a further 4% increase from August 2022 against contracted care packages. This will mean a 7% increase in total to these contracted providers.

3.2 It is possible that a contracted provider has contracted care packages in one area and has an Indi Contract in another, in this instance it is recommended that both contracts receive the 4% increase as the provider is on the framework.

3.3 The Terms and Conditions of the contract state:

*'Where stipulated in the Contract Particulars, the Contract Price shall be adjusted on each Price Review Date by an amount equal to the annual percentage change in the Relevant Index(s) as published in the December preceding the relevant Price Review Date or the average annual percentage change over the three months ending December or the average annual percentage change over the six months ending December, whichever is the lowest.*

*As a result of the review, the Council shall (in its discretion) be entitled to:*

*44.1.1 affirm that the Contract shall continue in accordance with its terms;*

*or 44.1.2 reduce the Contract Period;*

*or 42 44.1.3 exercise the option to terminate the Contract in accordance with Clause 54;*

*or 44.1.4 require a reduction in the volume or scope of the Services (which shall take effect as a Variation in accordance with Clause 39) in return for a reduction in the Contract Price;*

*or 44.1.5 through negotiation require a reduction in the Contract Price, where there has been a reduction in the Council's budget for the provision of the Services.*

3.4 It is important to note this mid-year fee uplift is provided for the purpose of sustainability and is not a contractual requirement.

#### **4. Risks and Issues**

4.1 The proposed additional mid-year fee uplift offers many challenges about ensuring the Council continues to pay a fair price for care, while also ensuring value for money, a high-quality provision, sustainability, and maximisation of the budgets available.

4.2 This approach recognises that providers costs are greater than the percentage increase we have provided them, balanced against the significant cost pressures the Council is facing this financial year and beyond. Ongoing dialogue with the trade associations is vital to ensure we carefully monitor the situation and progress towards services that meet the needs of the Making a

Difference Every Day approach. All increases are recommended based on the applicable terms and conditions, the budget and known market factors.

- 4.3 The letters which inform providers of the increases being applied currently contain only a percentage amount. Any providers who are incorrectly invoicing are likely to continue to do so unless they are informed of the correct amount for each client. There is a resource/time issue in terms of collating the client data and a risk of providers who have been invoicing a lower amount for some time requesting back-dated increases for previous years. This risk was mitigated last year by providing client schedules prior to the provider invoice cycles containing details of each individual client rate and it is proposed to undertake this task once again.
- 4.4 Updates to client management systems will require a considerable amount of information to be made available in a timely manner to enable the systems to correctly reflect the decision made. The scope of the fee uplifts, in terms of eligible services and providers, rates to be applied and requirements for automated and manual inputting of data, will be required at key points in July to enable test runs of data in the systems. There is a risk that missing or incorrect data may result in uplifts not being applied and a potential increase in the cost of implementation through additional work for our partners (BetterGov and Cantium Business Solutions).

## 5. Financial Implications

- 5.1 The table below sets out the budget allocation that is estimated would be required to fund the proposed 4% fee uplift as recommended in this report. This does not include Direct Payments or Personal Assistants.

Contract Type	Amount
Care and Support in the Home – Homecare	£1.4m
Care and Support in the Home – Supported Living/Supporting Independence Service	£3.0m
<b>Total</b>	<b>£4.4m</b>

- 5.2 The proposed additional 4% fee uplift represents an affordable amount accounting for the cost pressures facing community services and will be funded from the Adult Social Care and Health (ASCH) prices and market sustainability budgets.
- 5.3 There will be crossover with Children, Young People and Education (CYPE) who also access these contracts for those young people aged 0-18 and 18-25. The impact of the additional price increase for children's is a further £479k in a full year. CYPE will fund £269k from their remaining prices monies and ASCH will fund £210k from the market sustainability budget (all in a full year). However, CYPE Commissioning are involved and aware of this approach.

## **6. Legal Implications**

- 6.1 Following all necessary governance and budgetary approval, providers who are to be awarded a fee uplift will be contacted via email (letters by post shall be used by exception only). This will be via an agreed standard template outlining the award percentage.
- 6.2 It is important to note this mid-year fee uplift is provided for the purpose of sustainability and is not a contractual requirement.

## **7. Equality Implications**

- 7.1 This mid-year fee uplift will enable providers to continue to deliver care in the community, failure to do this would have a significant negative impact on the relevant protected characteristic groups.

## **8. Timetable and Next Steps**

- 8.1 All additional fee uplifts will be made as soon as all system changes and arrangements are in place, and this will be no later than 15 August. This enables a logical process for communication to providers as their invoices are clear and are based on full weeks. Further, this links in to benefit reassessments and other factors.
- 8.2 Following all necessary governance and budgetary approval, providers who are to be awarded a fee uplift will be contacted via email (letters by post shall be used by exception only). This will be via an agreed standard template outlining the fee uplift percentage, the process and necessary dates.
- 8.3 Strategic Commissioning will work in partnership with key stakeholders throughout this process including the service directorates, Finance and Performance as appropriate.
- 8.4 Uplifts and system inputting in respect of Mosaic will be undertaken by BetterGov, following instruction from Commissioning and Finance, in conjunction with the Adult Social Care Business Delivery Unit Systems Team in order to transfer the skills and knowledge required which will enable the Mosaic system updates to be undertaken in house in future years.

## 9. Recommendations

9.1 Recommendation: The Cabinet Member for Adult Social Care and Public Health is asked to:

a) **APPROVE** the proposed fee uplifts as set out below

Contract	Percentage Uplift
Care and Support in the Home - Home Care	4%
Care and Support in the Home - Supported Living/Supporting Independence Service	4%

b) **DELEGATE** authority to the Corporate Director Adult Social Care and Health, in consultation with the Cabinet Member for Adult Social Care and Public Health, to agree the fee uplift for Direct Payments and Personal Assistants; and

c) **DELEGATE** authority to the Corporate Director Adult Social Care and Health to take the relevant actions, including but not limited to finalising the terms of and entering into required contracts or other legal agreements, as necessary to implement the decision.

## 10. Background Documents

None

## 11. Lead Officers

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