

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

**To:** Dan Watkins, Cabinet Member for Adult Social Care and Public Health

**Subject:** **Fee Uplifts for Adult Social Care Providers for 2024/2025**

**Decision Number:** 24/00009

**Classification:** Unrestricted

**Past Pathway of report:**

**Future Pathway of report:** Adult Social Care Cabinet Committee – 13 March 2024

**Electoral Division:** All

**Summary:** This report sets out the proposed approach for fee uplifts for Adult Social Providers for 2024/2025.

**Recommendation(s):** The Cabinet Member for Adult Social Care and Public Health is asked to:

- a) **APPROVE** the fee uplifts for Adult Social Care Providers for 2024/2025; and
- b) **DELEGATE** authority to the Corporate Director Adult Social Care and Health to take relevant actions within the overall budget allocation, including any changes to the percentage uplifts, as necessary to implement the decision.

## 1. Introduction

- 1.1 This report sets out the planned approach to uplifting fees paid to care providers delivering Adult Social Care services, for 2024/2025. It is proposed that we apply a standard uplift to our framework contracts. Additionally, where more appropriate to the service, a budget is held for negotiated uplifts reflecting specific provider circumstances.
- 1.2 The fee uplifts need to be finalised by 7 March 2024 to enable them to be applied to the Council's Adult Social Care case management system in time for providers to be able to submit invoices for the revised rates from April 2024.
- 1.3 In order to apply the required systems changes, the decision could not reasonably be deferred to the next meeting of the Adult Social Care Cabinet Committee. The decision will be reported in retrospect to the committee meeting on 13 March 2024.

## 2. Background

- 2.1 In 2023/2024, we departed from flat rate percentage approach in favour of a variable percentage in line with the budget availability and the Adult Social Care Making a Difference Every Day approach. It is proposed this year to return to a standard uplift across all care setting for framework providers. Whilst we would like to look at repeating the differential approach we took for 2023/2024, the financial constraints do not allow this.
- 2.2 Adult social care contracts make reference to the December Consumer Price Index (CPI) and affordability to the council. CPI was 4% in December 2023. The local government settlement and the cost of right sizing the adult social care budget (£22m) means that the council is very constrained in what it can provide for provider uplifts in the adult social care budget.
- 2.3 We have engaged with provider representatives and have received a number of individual requests for uplifts, predominantly from non-framework providers. It is fair to say that given the increase in National Living Wage and other cost pressures, providers are generally seeking uplifts of between 8-12%. However, this is not affordable, is two to three times CPI and would cost between £40-£60m.
- 2.4 We will look to work with providers to incentivise framework providers to be able to take on more work, for example sharing benefits from reduced costs. We will work with providers individually on options, as appetite and capacity for this approach will vary.

## 3. Other Options Considered and Discarded

- 3.1 There were three options identified as to how fee uplifts could be managed this year:
  - **Apply differing** standard percentage uplifts applied to specified framework contracts according to the services provided, as we did in 2023/2024. We rejected this option given the funding envelope available.
  - **Apply no uplifts across all services:** this was discarded, because although we cannot meet providers' expectations, we have to do what we can within our constrained resources to support providers with their challenges.
  - **Apply standard percentage uplift across all service provisions:** This is the preferred option given the limited funding available. It seems to be the fairest approach given that all care sectors are facing cost pressures.

## 4. Financial Implications

- 4.1 Table 1 below shows the proposed percentage fee uplift, as a proportion of the overall provision in the 2024/2025 budget. The first section represents those services where a standard percentage uplift will be provided to all framework providers.

- 4.2 Providers within both these and other services, on individual (non-framework/INDI contracts) will receive no automatic uplift to their fees although, additional funding is available for individual price negotiations. Allocation of this funding will be governed by the development of a standard approval process based on the financial viability and benchmarking of the provision in question.
- 4.3 Direct Payments are handled separately and are uplifted depending on the purpose of the payment, eg to access day care, purchase agency care or to directly employ a Personal Assistant.

**Table 1 – Price Uplift – Budget Impact 2024/2025**

	%	Vulnerable Adults £000	Older People £000	Total £000
<b>Framework providers</b> <ul style="list-style-type: none"> <li>• Care and Support in the Home</li> <li>• Older Persons Nursing and Residential</li> <li>• Learning Disability, Physical Disability and Mental Health Residential</li> <li>• Supported Living/Supporting Independence Service</li> <li>• Supported Accommodation</li> </ul>	4%	9,119	7,193	16,312
Provision for Direct Payments		2,316	828	3,144
Provision for individual negotiations				9,391
<b>Total uplift budget</b>				<b>28,847</b>

## 5. Legal implications

- 5.1 There have been no legal implications identified as it is for local authorities to set their own prices in the light of current market activity and status. Local authorities have a range of statutory duties including through the Care Act 2014, but also has a duty to set a balanced budget within the resources made available through the national funding settlement.

## 6. Equalities implications

- 6.1 An Equalities Impact Assessment (EQIA) has been completed and is attached as Appendix 1. This is a live document and will continue to be updated as required, but the EQIA outlines how certain client groups will be impacted by the decision, where the full cost of the care is paid, or where the assessed contribution is greater than the full cost. It also sets out the mitigating factors in these instances.

## 7. Data Protection Implications

- 7.1 A Data Protection Impact Assessment is not required as there are no material changes to the way in which personal data is handled, nor the way in which it is used. Similarly, this work does not involve data profiling or changes to the way in which special category data is handled.

## 8. Other corporate implications

- 8.1 Some of the services referred to within this report are also provided to transition age clients – those aged between 18-25 – which are overseen by the Children Young People and Education (CYPE) Directorate. The proposed price uplifts will apply to all adults over the age of 18.

## 9. Conclusions

- 9.1 The funding settlement did not address the dual pressures of demand and cost. The council has a statutory duty to set a balanced budget and has made available significant additional resources to adult social care. However, given the overspend in 2023/2024 and the cost of right sizing the budget for 2024/2025 in the light of the ongoing pressures underlying that, there is a limited pot available to fund provider uplifts.

## 10. Recommendations

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

- a) **APPROVE** the fee uplifts for Adult Social Care Providers for 2024/2025; and:
- b) **DELEGATE** authority to the Corporate Director Adult Social Care and Health to take relevant actions, within the overall budget allocation, including any changes to the percentage uplifts, as necessary to implement the decision.

## 11. Background Documents

Budget County Council – 19 February 2024

[Agenda for County Council on Monday, 19th February, 2024, 9.30 am \(kent.gov.uk\)](#)

## **12. Relevant Officer**

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