



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

CABINET

Thursday 10th March 2022

Report of the Executive Director - Adult Care

Domiciliary Home Care Fees 2022-23
(Cabinet Member for Adult Care)

1. Divisions Affected

County Wide

2. Key Decision

2.1 This is a key decision because it is likely to result in the Council incurring expenditure over £500,000.

3. Purpose

To seek Cabinet approval;

- to make an inflationary increase of 6.0% for independent sector home care provision from 1 April 2022
- to increase travel/visit rates by an average of 6.0% from 1 April 2022
- to increase the fee rate for in-house home care and extra care provision from 1 April 2022 by 6.0%
- to make an inflationary increase of up to 6.0% for specialist home care placements where evidence is provided of inflationary pressures

4. Information and Analysis

4.1 Background

COVID-19 has presented challenges that go beyond anything that could have expected. Derbyshire Home Care Providers have been crucial in providing essential personal care and support on behalf of some of the most vulnerable people in the community. Their staff have worked tirelessly throughout the pandemic and covered for each other when they have needed to self-isolate. Providers have remained resilient and have worked hard to keep recruiting and supporting staff to help respond positively to the impact of COVID 19. Despite the positive impact of vaccines, the impact of COVID 19 will persist for some time with Home Care workers undertaking crucial support.

The Government have over the past 24 months introduced several short-term funding initiatives targeted to help support Home Care providers with meeting the additional temporary costs associated with COVID 19. Funding allocations have been made to all home care providers based on the number of clients they support.

This grant funding has included

- Infection, Prevention and Control funding (IPC) for the period October 2021 to March 2022. This included three distinct allocations of funding, an allocation of £0.8m for the Infection Control £0.5m for the Testing Funding (TF) and £0.17m for the Vaccine Funding (VF). Total £1.5M
- Workforce Recruitment and Retention Fund for October 2021 to March 2022 Total £1.2M
- Workforce Recruitment and Retention Fund round 2 between 10 December 2021 and 31 March 2022 Total 1.8m
- Omicron Support Fund Total £0.2m

This funding has been welcomed by Providers as it has helped with meeting the additional infection and prevention arrangements with recruitment and retention of staff. Providers have also been able to obtain free additional Personal and Protective Equipment; an offer which has been extended to March 2023. The local CCG have made funds available to home care providers via the Council to make incentive payments to workers of up to £500 to help retain them in their roles.

There are approximately 3,953 people currently in receipt of long-term home care support provided by 55 independent sector home care

providers. The independent sector provides most of the long-term packages of care whilst the Council's in-house service now focuses on the provision of short-term care.

The Derbyshire Homecare Association ("the Association") represent many of the independent home care providers. It has requested, on behalf of their members, that the Council consider an increase in fees for 2022-23 to assist with meeting costs associated with the provision of homecare and the continued promotion of the National Living Wage. Adult Social Care has also received additional requests from other providers not represented by the Association for a fee increase to reflect inflationary pressures they are experiencing.

The Association were invited to a meeting held on the 18 January 2022 with the Council to discuss the sector's views about current market conditions and inflationary pressures. The views shared at this meeting have assisted the Council in detailing 2022-23 fee proposals described in this paper.

4.2 Costs Highlighted by Home Care Providers

In responding to the providers' request for an inflationary fee increase, the Council has identified the main budget headings that need to be considered when setting home care fee rates. Appendix 1 details these headings and the proposed inflationary increases and justification are set out below.

Providers have expressly asked that the analysis should also take account of additional costs associated with COVID 19. The Council has decided that the approach of responding to inflationary pressures remains most prudent with the expectation that targeted Government funding will continue to support providers with meeting any temporary costs associated with COVID 19. The Council is prepared to review this position if it is evidenced that some cost elements become regular working practice and that there are no alternative funding arrangements.

National Living Wage

Providers have identified that the National Living Wage is due to increase by 6.62% for staff aged 25 and over from 1 April 2022 (from £8.91 per hour to £9.50 per hour a 59p increase). They note that they have very few staff aged under 25 and that they do not want a two-level pay system, as this would be detrimental to recruitment and retention of under 25's to the industry. This increase in minimum wage is supported

by Providers however they would want to pay more than this to be able to recruit and retain staff and maintain differentials between staff groups.

Providers have consistently reported to the Council on-going difficulties with recruitment and retention of staff. They report that they are competing with other services that are increasing wage levels and offering better terms than they can offer. Providers have had to hand work back to the Council because they are no longer able to cover calls due to staff leaving. The impact has been a reduction in the numbers of people being supported by Home Care providers and the Council has faced difficulties in gaining support for new Home Care packages.

Council response

To reflect the National Living Wage, increase the Council has decided to apply a 59p increase on the calculation of hourly home care wages for all staff including those aged under 25.

National Insurance

The required increase in National Insurance contributions due to commence on the 1 April 2022 was another area that provider representatives requested that the Council should build into the modelling for fee rates.

Council response

The National Insurance contribution is accepted as an additional cost that Providers will now need to contribute towards. It is therefore proposed that the fee model used by the Council should reflect the additional National Insurance cost which will come into effect from 1 April 2022.

Travel time

The Association have highlighted that when Her Majesty's Revenue and Customs (HMRC) undertake checks of payment of wages by home care providers they are focused on ensuring that providers pay their home care staff at least the minimum wage for their travel time between calls. The Association would like the Council to ensure that the travel rates paid reflect journey time and allow them to meet their national minimum wage obligations.

Providers have also highlighted the substantial increase in fuel costs and have asked that the Council increases the Travel Payment to ensure staff are satisfactorily reimbursed for fuel and servicing.

Council response

The Council makes an additional payment per home care visit to assist providers in paying staff travel time and to meet the costs incurred by staff. The National Minimum Wage rules require home care providers to count travel time between visits towards the calculation of working time. The impact of the National Living Wage means that providers should have to pay staff more to compensate for the travel time element.

Travel payments

As noted, the Council pays an additional amount to providers for each home care visit to assist providers to meet costs associated with travelling from one call to the next. There are currently four values as shown in the table below:

Value per Home Care Visit	2021-22	Proposed 2022-23	Increase %
Urban	£2.38	£2.58	8.4%
Semi-Rural	£3.10	£3.30	6.5%
Rural	£4.05	£4.25	4.9%
Extra Rural	£6.00	£6.20	3.3%
Average			6.0%

The values are linked to population density at ward level and the likely travel time between calls. The highest travel payment is meant to encourage take up of new work in the more rural parts of the county where travel time between calls and impact of weather and isolated nature of the calls can be difficult to cover. It is noted that encouraging providers to take on new work in isolated rural areas is always challenging. The travel payment represents an element of staff time and a contribution towards the cost of using their vehicle. Providers have asked that the increase in travel payments is weighted slightly towards the lowest rate of travel.

Other cost increases.

Providers have also expressed concerns about other organisational costs, including but not limited to the increase in costs of Protective

Personal Equipment (PPE) and the increase use of alcohol gels to meet infection prevention and control procedures.

Providers have also raised concerns about the national standard of living increases and the increases in gas and electricity which will impact on their organisational on-costs.

Council Response

The Council acknowledges that PPE costs have increased substantially. However, providers can obtain free PPE from the national PPE hub and obtain up to 3 days of free PPE from the Council when waiting on a delivery.

It is however accepted that inflation is at 5.4% and it is proposed to increase head office costs as shown in Appendix 1 by this value to assist with additional costs being experienced by individual businesses.

4.3 Council Proposals

The Council is constantly reviewing how the Home Care Market can be supported to be more efficient and effective to promote the availability of high-quality safe provision. The following details proposals and current service developments to enhance the market. Areas for development include:

Staff recruitment and retention

Providers continue to report that recruitment and retention of Home Care workers is extremely difficult. They highlight concerns about how low wages in the sector coupled with low unemployment in parts of the county and poor status of a career in social care impact on their ability to recruit and retain sufficiently well-trained staff.

The workforce has a high level of turnover locally and although some of this movement may be between jobs in the sector, providers frequently lose staff in whom they have made a considerable investment in terms of training and development. This volatility in the workforce creates instability in the market with Providers having to hand back work to the Council when they lose staff.

The recruitment and retention of staff is particularly problematic in the more rural parts of the county. The impact of the difficulties in recruiting staff is that Adult Care is unable to arrange packages of care which can impact for instance on delaying hospital discharge.

In response to the workforce challenge Adult Care and the local NHS have established Joined Up Care Derbyshire (JuCD). JuCD is co-ordinating a range of activities designed to meet the three Programme themes:

- Attraction and Recruitment
- Traineeships and Apprenticeships
- Retention and Progression

The Council have recruited project staff to specifically work with social care providers with a focus on attraction and recruitment.

Direct Care

The Council's Direct Care Service continue to shift priority from provision of long term to short-term care. The Direct Care service will focus more on provision of short-term care with an emphasis on assisting people who may have been unwell to regain skills. Direct Care will no longer take on new long-term care packages unless there is no alternative provider available. Private Providers will have to increase their own workforce capacity to facilitate this shift to ensure this change in priority is a success.

Providers Response

Providers are encouraged by the opportunity to expand their service offer but have asked for it to be noted that they are restricted by difficulties with recruiting and retaining staff which limits their opportunities to grow their service. They believe that it would be beneficial if the Council could increase fees to enable them to pay staff more and to introduce some block contracts to give certainty of activity

4.4 Proposals

The home care fee rate proposals for 2022-23 have taken account of the feedback received from Home Care providers about inflationary pressures as detailed earlier in this report. Appendix 2 details how these inflationary pressures impact on the standard cost headings used in Derbyshire County Council Home Care fee model to give a proposed inflationary uplift of 6.0% for 2022-23.

The proposed inflationary value of 6.0% on the hourly rate for the provision of Independent Sector Home Care is also used as a standard

inflationary value for the other service types as shown in the table below.

Service Type	Rate 2021-22	Rate 2022-23
Independent Sector Home Care Hours	£16.08 per hour	£17.04 per hour
Independent Sector Sleep In (10pm-7am)	£83.70 per night	£88.74 per night
Independent Sector Live- In Carer	£1,424.71 per week	£1,510.18 per week
In-House Home Care Hours	£23.88 per hour	£25.32 per hour
In-House Extracare (Day)	£15.72 per hour	£16.68 per hour
In-House Extracare (Night)	£19.44 per hour	£20.64 per hour
Well Being	£14.35 per week	£15.19 per week

4.5 Impact of the Proposals on Independent Sector Specialist Fees

The proposals made in this report, and summarised in Appendix 2, focus on the basic fee rates for the provision of home care. The Council also funds specialist home care services for people who live in supported living care settings.

Supported living is an alternative to residential care, providing home care support and accommodation to people who are assessed as eligible for adult care services. In a supported living service, the housing provider and support provider are separate, and the client is a tenant with their accommodation costs being met by Housing Benefits. Accommodation is homely not institutional with clients contributing directly to daily tasks around their own home.

Specialist home care providers have reported that they are also experiencing unprecedented difficulties with recruitment and retention of staff with Providers having to cover staffing vacancies with Agency staffing which is costlier than fees received. It is proposed that an increase in payments of up to 6.0% can be agreed with providers that provide specialist home care provision in supported living care settings where they can evidence that their costs have increased.

5. Consultation

5.1 The Local Home Care Provider Association have been requested to

detail their member's concerns about current inflationary pressures so that the Council can ensure fee increases respond to these pressures. The outcome of these fee discussions will be further shared with Providers for their comments and are specifically addressed above

- 5.2 The Council is required as part of Care Act 2014 duties to undertake a fee setting exercise each year to ensure that fees allow for a sustainable market.

The Council intends to undertake such an exercise using a fee modelling tool recently developed on behalf of Association of Directors of Social Services and Local Government Association. This exercise is a requirement of the Market Sustainability and Fair Cost of Care Fund allocated by the Department of Health and Social Care. It is intended that all Councils will undertake this exercise to prepare their markets for reform in line with the recent White Paper.

Councils will carry out activities and provide evidence to DCHS of the following to access future funds:

- conduct a cost of care exercise to determine the sustainable rates and identify how close they are to it
- engage with local providers to improve data on operational costs and number of self-funders to better understand the impact of reform on the local market (particularly the 65+ residential care market, but also additional pressures to domiciliary care)
- use this additional funding to genuinely increase fee rates, as appropriate to local circumstances.

6. Alternative Options Considered

- 6.1 Not to increase the fees from 1 April 2022. This would severely impact the market as providers would be unable to pay their staff the national minimum wage increase. Any failure to pay increased fees would destabilise what is already a fragile market that is struggling to recruit and retain staff. This would also further reduce Providers' ability to pick up new home care packages which would result in further delaying hospital discharges and failure to support people to live safely at home.
- 6.2 Pay providers more than has been proposed in this paper. The Council believes that the fee modelling is fair and affordable, and the fees are above those paid by other Local Authorities in the East Midlands. The new proposed fee modelling described in 5.2 above will assist in better understanding whether increasing rates further in the future will be good value.

7. Implications

- 7.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

8. Background Papers

- 8.1 None identified

9. Appendices

- 9.1 Appendix 1 – Implications
9.2 Appendix 2 – Fee Modelling

10. Recommendation(s)

That Cabinet agrees to :

- a) make an inflationary increase of 6.0% for independent sector home care provision from 1 April 2022;
- b) to increase travel/visit rates by an average of 6.0% from 1 April 2022;
- c) to increase the fee rate for in-house home care and extra care provision from 1 April 2022 by 6.0%;
- d) to make an inflationary increase of up to 6.0% for specialist home care placements where evidence is provided of inflationary pressures.

11. Reasons for Recommendation(s)

- 11.1 The recommendations to increase a range of fee levels by 6.0% will enable providers to pay their staff the equivalent of the National Minimum wage increase from the 1 April 2022.
- 11.2 The proposed increases are in line with the duty placed on the Council by the Care Act 2014 to promote a sustainable market.
- 11.3 Failure to increase fees in line with inflationary pressures will undermine the Council's ability to secure services for people with an assessed social care need.

12. Is it necessary to waive the call in period?

12.1 No

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Implications

Financial

- 1.1 The proposed increase of 6.0% on home care fees and 6.0% on travel rates from 1 April 2022 will cost an estimated £3.648m. The proposed increase of up to 6.0% from 1 April 2022 on specialist homecare fees for Supported Living Schemes will cost an estimated £2.274m per annum. The proposed increase of 6.0% from 1 April 2022 on the Well Being Service will cost an estimated £0.019m per annum.

The estimated cost of this proposal to increase fee rates from 1 April 2022 is £5.941m per annum. This will be funded from the service pressure growth bid for Adult Care fee increases which was approved as part of the Revenue Budget Report 2022-23 by Full Council on 2nd February 2022

Legal

- 2.1 section 5 of the Care Act 2014 places a duty on the Council to promote an efficient and effective market, with a view to ensuring that any person in its area wishing to access services in the market:
- a) has a variety of providers to choose from who (taken together) provide a variety of services;
 - b) has a variety of high-quality services to choose from; and
 - c) has sufficient information to make an informed decision about how to meet the needs in question.

In performing that duty, the Council must have regard to the importance of ensuring the sustainability of the market. Sufficient inquiries should be undertaken, to ensure the Council is properly informed of the local market conditions.

The Care and Support Statutory Guidance further details the duties on local authorities to facilitate markets that offer a diverse range of high-quality and appropriate services. The Council must assure itself that the fee levels do not compromise the provider's ability to (1) support and promote the wellbeing of people receiving care and support; (2) meet the statutory obligations to pay at least the national minimum wage; and (3) provide effective training and development of staff.

Case law is clear that the Council should take steps to ensure that fee levels reflect the actual cost of care. The rates should also take into

account the legitimate current and future costs, and the potential for improved performance and most cost-effective ways of working. The Council is under a duty to promote diversity and quality in the market of care and support provision.

Human Resources

- 3.1 There are no human resources considerations associated with this report.

Information Technology

- 4.1 There are no Information Technology considerations associated with this report.

Equalities Impact

- 5.1 Providers are required to adhere to Derbyshire County Council's Equal Opportunities policies.

Corporate objectives and priorities for change

- 6.1 This proposal will support local business to recruit and retain staff to provide support to people so that they may continue to live in their own homes to control their personal circumstances and aspirations.

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

- 7.1 In preparing this report the relevance of the following factors has been considered: human resources, health, environmental, transport, and crime and disorder considerations.
- 7.2 These services are reliant on Home Care staff travelling between client's homes. The primary mode of transport is the use of cars to enable staff to efficiently move between calls during all sorts of weather and during antisocial hours. Some of these calls are also undertaken across the rural locations of the County. Calls are often time critical and the Council must cover the cost of the transport and the pay of the staff member as they travel between calls. The cars used are often owned by the care worker and they are likely to be older models that will be higher emitters of carbon as the use of alternatives are currently not covered by the fees paid by the Council.

Appendix 2

Proposed Home Care Fee Rate for 2022-23 Fee Model

	2021-22	Proposed 2022-23	Increase
	£	£	%
Wages	10.24	10.82	5.7%
Employers NI	0.52	0.65	25.0%
Pension	0.31	0.33	5.7%
Hourly Cost	11.07	11.80	6.6%
Holiday Pay 4 weeks	0.85	0.90	5.8%
Sickness pay assume 2 weeks per year	0.42	0.45	7.1%
5 training days per year	0.22	0.23	4.5%
Bank holidays 8 days per year	0.33	0.36	9.0%
Net Hourly Rate	12.89	13.74	6.6%
Head office and profit	3.18	3.31	4.0%
Total Hourly Rate	16.07	17.05	6.1%
<u>Rounded Rate</u>	16.08	17.04	6.0%

Assumptions Used in Calculating Fee Rates for 2022-23

The following considerations are made in developing the fee proposals.

- Contribution towards hourly wage has been increased by £0.59 to reflect the increase to National Living Wage from 1 April 2022
- Employers National Insurance contribution will need to increase by up to 25% for staff paid at above £184 per week.
- Holiday Pay is calculated at 4 weeks plus an additional 8 days bank holiday entitlement. This is equivalent to 5.6 weeks statutory minimum annual leave entitlement.
- 2.23% Pension Contribution
- Training day funding allocation at 5 days
- Head office costs - increased by 4%

Hourly Rate

It is practicable to ensure the hourly rate is divisible by 12 to allow for payments to be made in 5-minute blocks. The Council is currently implementing a new recording and scheduling system which will likely facilitate a change in how fees are set from April 2022.

