

DERBYSHIRE COUNTY COUNCIL

CABINET

11 March 2021

Report of the Executive Director for Adult Social Care and Health

**HOME CARE FEES 2021-22
ADULT CARE**

1. Purpose of report

To seek Cabinet approval;

- to make an inflationary increase of 2.29% for independent sector home care provision from 1 April 2021;
- to increase travel/visit rates by an average of 2.30% from 1 April 2021;
- to increase the fee rate for in-house home care and extra care provision from 1 April 2021 by 2.29%;
- to make an inflationary increase of up to 2.29% for specialist home care placements where evidence is provided of inflationary pressures.
- to make an inflationary increase of up to 2.29% on the Well Being payment made to providers in extracare settings.

2. Information and Analysis

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 welcome news about effective vaccines these challenges will persist for some time with Home care workers still undertaking valuable support services.

The Government have over the past 12 months introduced a number of funding initiatives targeted to help support Home Care providers with meeting the additional temporary costs associated with COVID 19. Providers have also been able to obtain free additional Personal and Protective Equipment; an offer which has been extended to June 2021.

There are approximately 4,334 people currently in receipt of long-term home care support provided by 55 independent sector home care providers. The independent sector provides the majority 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 2021-22 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 27 January 2021 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 2021-22 fee proposals described in this paper.

2.1 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 2.2% for staff aged 25 and over from 1 April 2021 (from £8.72 per hour to £8.91 per hour a 19p 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.

Council response

To reflect the National Living Wage increase the Council has decided to apply a 19p increase on the calculation of hourly home care wages for all staff including those aged under 25.

Auto pension enrolment

The required auto pension enrolment was another area that provider representatives requested that the Council should continue to build into the fee rates.

Council response

The auto-enrolment pension scheme has been subject to a national introduction over the past few years. It has been nationally accepted that the additional costs to a provider will be in the region of 3%. It is therefore proposed that the fee model used by the Council should reflect the auto pension enrolment value of 3% for all staff costs which came into effect from 1 April 2020.

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.

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	2020-21	Proposed 2021-22	Increase %
Urban	£2.30	£2.38	3.40%
Semi-Rural	£3.03	£3.10	2.30%
Rural	£3.98	£4.05	1.70%
Extra Rural	£5.90	£6.00	1.70%
Average			2.30%

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.

Council Response

The Council acknowledges that PPE costs have increased substantially. However, providers are able to obtain free PPE from the national PPE hub and also obtain up to 3 days of free PPE from the Council when waiting on a delivery. It is proposed to increase head office costs as shown in Appendix 1 by 2%

2.2 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.

Introduction of a new recording system.

The Council has successfully introduced a new recording and scheduling system. It is the Council's intention to use the recorded information to pay for each call made. This will result in cashable savings following the removal of paper invoicing system. This new initiative to pay based on recorded activity would only start once it is tested with Provider representatives to ensure that provider cash flow is not disproportionately impacted.

Provider Response

Providers have expressed support for this new system although there have been some initial problems with transitioning to this new system.

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.

2.3 Proposals

The home care fee rate proposals for 2021-22 have taken account of the feedback received from Home Care providers about inflationary pressures as detailed earlier in this report. Appendix 1 details how these inflationary pressures impact on the standard cost headings used in Derbyshire Home Care fee model to give a proposed inflationary uplift of 2.29% for 2021-22.

The proposed inflationary value of 2.29% 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 2020-21	Rate 2021-22
Independent Sector Home Care Hours	£15.72 per hour	£16.08 per hour
Independent Sector Sleep In (10pm-7am)	£81.81 per night	£83.70 per night
Independent Sector Live- In Carer	£1,392.79 per week	£1,424.71 per week
In-House Home Care Hours	£23.40 per hour	£23.88 per hour
In-House Extracare (Day)	£15.36 per hour	£15.72 per hour
In-House Extracare (Night)	£18.96 per hour	£19.44 per hour
Well Being	£14.03 per week	£14.35 per week

3. Impact of the Proposals on Independent Sector Specialist Fees

The proposals made in this report, and summarised in Appendix 1, 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 receive higher hourly fee rates than those recorded above which reflect the greater investment in staff and training to meet an individual's needs. It is proposed that an increase in payments of up to 2.3% 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.

4. Well Being Service

A Well Being Service is provided in all the Extracare schemes and it includes 24-hour staffing on-site or on-hand, 365 days a year, help in an emergency and the co-ordination of an activities and events programme. The weekly payment is the same across all the schemes and it is proposed that this is increased by 2.29% for 2021-22 from £14.03 to £14.35

5. Financial Considerations

The proposed increase of 2.29% on home care fees and 2.30% on travel rates from 1 April 2021 will cost an estimated £1.067m.

The proposed increase of up to 2.29% from 1 April 2021 on specialist homecare fees for Supported Living Schemes will cost an estimated £0.722m per annum.

The proposed increase of 2.29% from 1 April 2021 on the Well Being Service will cost an estimated £0.007m per annum.

The total costs of £1.797m per annum can be met from the budget growth allocated for Adult Care fee increases as approved by Council on 3 February 2021.

6. Legal Considerations (taken from last year's cabinet paper)

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.

The Council is satisfied that the methodology used in calculating the proposed fee increase properly reflects the increased cost pressures highlighted by the providers

7. Other Considerations

In preparing this report the relevance of the following factors has been considered: environmental, prevention of crime and disorder, equality and diversity, human resources, health, property and transport considerations.

8. Key Decision

Yes

9. Is it necessary to waive the call-in period?

No

10. OFFICER'S RECOMMENDATION

That Cabinet agrees:

- to make an inflationary increase of 2.29% for independent sector home care provision from 1 April 2021;
- to increase travel/visit rates by an average of 2.30% from 1 April 2021;
- to increase the fee rate for in-house home care and extra care provision from 1 April 2021 by 2.29%;
- to make an inflationary increase of up to 2.29% for specialist home care placements where evidence is provided of inflationary pressures.
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Proposed Home Care Fee Rate for 2021-22

	2020-21	Proposed 2021-22	Increase
	£	£	%
Wages	10.02	10.24	
Employers NI	0.51	0.52	
Pension	0.30	0.31	
Hourly Cost	10.83	11.07	
Holiday Pay 4 weeks	0.83	0.85	
Sickness pay assume 2 weeks per year	0.41	0.42	
5 training days per year	0.21	0.22	
Bank holidays 8 days per year	0.32	0.33	
Net Hourly Rate	12.60	12.89	
Head office and profit	3.12	3.18	
Total Hourly Rate	15.72	16.07	
<u>Rounded Rate</u>	15.72	16.08	2.29%

Assumptions Used in Calculating Fee Rates for 2020-21

The following considerations are made to ensure Home Care Providers are able to recruit and retain staff.

- Contribution towards hourly wage has been increased by 2.20% to reflect the increase to National Living Wage from 1 April 2021
- Employers pay of 13.8% National Insurance at pay 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 2%

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.