



EXECUTIVE 18th April 2024

Report Title	Annual Inflationary Uplift Adult Social Care & Support 2024/2025
Report Author	Matthew Jenkins, Assistant Director Commissioning and Performance
Lead Member	Cllr Gill Mercer, Executive Member for Adults, Health and Wellbeing

Key Decision	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there public sector equality duty implications?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information (whether in appendices or not)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Applicable paragraph number/s for exemption from publication under Schedule 12A Local Government Act 1972	Not Applicable
Which Corporate Plan priority does the report most closely align with?	Active, fulfilled lives

List of Appendices

Appendix A - Climate Change Impact Assessment tool

1. Purpose of Report

- 1.1 The purpose of this report is to consider and approve the proposed uplift in fees paid to adult social care providers in 2024/25 across the full range of community-based provision which includes residential and nursing care, home care, day care, Shared Lives and supported living.

2. Executive Summary

- 2.1 Section 5 of the Care Act 2014 establishes a duty on each local authority to ensure a sustainable market of care in their area. The 'market of care' includes the full range of service types and provisions applicable to adult social care which includes residential and nursing care, homecare, day care, supported

living, Shared Lives and the provision of direct payments to employ personal assistants.

- 2.2 Annual fee uplifts take into consideration market pressures and market sustainability. This includes the care market's ability to maintain adequate capacity and supply, whilst adhering to regulatory and quality requirements.
- 2.3 The uplifts also take into consideration central government's annual position on setting the National Living Wage. In 2024/25 the government have confirmed that the Living Wage will rise by 9.8% from £10.42 per hour in 2023/24 to £11.44 in 2024/25 for individuals aged 23 years and over.
- 2.4 The Government have provided grant funding to local authorities to support the provision of a sustainable market of care (Market Sustainability and Improvement Fund (MSIF)). The Council's grant allocation for 2024/25 is £4,444k and grant conditions require this funding to be used to increase fee rates paid to adult social care providers in local areas, increase adult social care workforce capacity and retention and to reduce adult social care waiting times. The recommendations outlined within this paper are aligned with these grant conditions and support information returns to the Department of Health and Social Care demonstrating how this grant funding has been utilised within the grant conditions.
- 2.5 The different approaches used to broker care support are set out in paragraph 4.3-4.4 but in summary the council would prefer to incentivise providers to join its frameworks and provide less support through spot purchased arrangements.
- 2.6 The recommendations set out in Section 3 of this report aim to achieve a balance between recognising the pressures impacting on care providers and the market in general, supporting providers to recruit and retain staff and ensuring quality, however this must be done within a finite envelope of resources and limits the options available to commissioners.
- 2.7 Applying a blanket percentage uplift is a crude mechanism and in order to work within the financial envelope available this paper proposes targeted uplifts to support service continuity, and to support providers to recruit and retain sufficient numbers of care staff enabling the Council to meet its statutory duties.

3. Recommendations

- 3.1 The Executive is recommended to approve Option 3 – “Uplift including National Living Wage for frontline carers and recognising inflationary pressures” and the following increases in fee levels for 2024/25, with the proposals to come into effect from 1st April 2024. The table at paragraph below, summarises the proposed uplifts for the recommended option 3 and further detail is set out in detail throughout section 3 of this report.

Table 1

Provision Type	Recommendation	Net increase in cost £'s
Home Care framework 6.85%	Uplift the minimum hourly rate for domiciliary care by 6.85%.	1,227,824
Older Persons Residential Care	Increase the expected to pay rate by 8.68% to £712 per week NLW only would be 6.07% and this represents additional investment of 2.61%.	Total cost impact 2,895,539 of which 958k is over and above the uplift required to meet NLW increases.
Older persons Dementia Residential Care	Increase the expected to pay rate by 8.68% to £806 per week. Uplifting by NLW only would be 6.07% and this represents additional investment of 2.61%.	
Older Persons Nursing Care	Increase the expected to pay rate by 10.88% to £785 per week (excluding funded nursing care). NLW only would be 6.6% and this represents additional investment of 4.28%.	
Older Persons Dementia Nursing Care	Increase expected to pay rate by 10.88% to £850 per week (excluding funded nursing care). NLW only would be 6.6% and this represents additional investment of 4.28%.	
Working Age Adults Residential Care	Increase Tiered Payments by 6.16%	
Supported Living Providers	Increase tiered payment rates by an average of 4.58% with a range of 5.87% to 2% aligned to individual tiers.	1,076,451
Day Opportunities	Increase tiered payments rates by 5.87%.	143,058
Respite	Increase tiered respite payments by 6.07%	70,203
Shared Lives	Increase care and support element of Shared Lives Carer Payment by 5%	30,000
Independent Living Framework (Extracare)	Increase care and support tiered payments by 5.32%	24,332
Direct Payment increase where	Increase hourly rate by 5.87% to meet National Living Wage	575,932

personal assistants are employed		
Total		6,043,339

3.2 Reasons for Recommendations

- 3.2.1 The National Living Wage (NLW) increase for 2024/25 is 9.8%. This compares to 9.7% in 2023/24. In addition to this we know that providers continue to face broader inflationary pressures.
- 3.2.2 The care and support market in North Northamptonshire continues to experience difficulties with the recruitment and retention of care staff with a vacancy rate of 9.8% (2.2% lower than in 2021/22) and turnover rate of 24% for care providers (2% lower than in 2021/22).
- 3.2.3 Whilst this is an improving trend the data continues to demonstrate that providers are facing challenges in recruiting and retaining care staff. This is caused by competition from other industries as well as the legacy of Covid-19.
- 3.2.4 The ability of providers to recruit and retain a sufficient workforce is one of the key challenges and risks for the sector. By effectively targeting our annual uplifts we support our contracted care providers ability to develop strategic responses to workforce challenges, including offering rates of pay that are competitive with other local sectors.
- 3.2.5 The position in North Northamptonshire is in keeping with the national picture. Alongside targeting our inflationary uplifts, we continue to work in partnership with our contracted providers to make social care an attractive career proposition within North Northamptonshire.
- 3.2.6 During 2022/23 we have offered fully funded training to care staff working within the independent care sector and continued our work to develop our social care workforce strategy. However, fee uplifts remain a crucial lever in ensuring providers are able to support social care as being an attractive career option for people in North Northamptonshire.
- 3.2.7 There continues to be a need to utilise non contracted providers and to commission individual packages of care with spot providers. Whilst there has been a significant decrease in the number of spot providers commissioned, these providers continue to be comparatively more expensive on a unit (hour or week) basis.
- 3.2.8 Spot provision is costly to the Council and the proposed uplift seeks to positively influence existing contract framework supply through retention and sustainability whilst also incentivising an increase in supply through leveraging better rates of pay and reward for our contracted providers. Work continues to minimise our utilisation of spot providers and to focus our commissioning activity solely with our contracted providers.

- 3.2.9 Our strategy is to focus our development and commissioning activity specifically with our contracted providers. Alongside this fee uplift we are focused on utilising our enhanced provider offer for contracted providers that includes funded training and an enhanced quality monitoring and support function. This enables the Council to support improvement in the quality of its contracted care providers, secure a sustainable market of high-quality providers and secure value for money in our independent care spend.
- 3.3 Alternative Options Considered: The alternative options, in summary, considered included:
- Option 1:** Do nothing and apply no uplifts (not recommended)
- Option 2:** Targeting uplifts at particular service types (not recommended)
- Option 3:** Uplift including NLW for frontline carers and recognising inflationary pressures (**Recommended Option**)
- Option 4:** Lower uplift to the whole market including spot and framework providers (Not recommended)
- 3.4 The alternative options are presented in more detail in section 5 of this report.

4. Report Background

- 4.1 Section 5 of the Care Act 2014 establishes a duty on each local authority to ensure a sustainable market of care in their area. The 'market of care' includes the full range of service types and provisions applicable to adult social care which includes residential and nursing care, homecare, day care, supported living, Shared Lives and the provision of direct payments to employ personal assistants.
- 4.2 Annual fee uplifts take into consideration market pressures and market sustainability. This includes the care market's ability to maintain adequate capacity and supply, whilst adhering to regulatory and quality requirements within the general and commercial environment in which the market operates. The uplifts also take into consideration central government's annual position on setting the National Living Wage. In 2024/25 the government have confirmed that the Living Wage will rise by 9.8%.
- 4.3 The Council has a range of contract frameworks in place to deliver care and support services to individuals with Care Act eligible needs. These frameworks specify fee levels against the different types of care arrangements commissioned for individuals and apply a number of contractual requirements relating to good practice and measures of quality. The frameworks therefore allow the Council to control the cost of care and the standards and quality of care delivered. The Council have strong quality monitoring arrangements in place for its contracted providers to assure quality and to support improvement.

- 4.4 In addition to the individual packages of care arranged using the contract frameworks, there continues to be packages of care arranged outside of the contract frameworks as 'spot purchased' arrangements. Generally spot arrangements are made when an individual's needs cannot be met within the fee or skill parameters defined within a contract framework. For example, the needs of the individual are so complex that payment to a provider is made above and beyond the fees stipulated in a framework contract, or where there are additional costs involved in providing care to an individual because of individual circumstances such as residing in a very rural location.
- 4.5 Spot arrangements are also made when demand is outstripping supply within a framework; if capacity within a framework contract is exhausted, then the Council will arrange care using 'spot' arrangements to fulfil its statutory duties. Fee levels for spot arrangements can be between 20-40% higher than framework fee levels.
- 4.6 The Council are committed to minimising spot contracting and working with its contracted providers to develop a high quality, sustainable market for social care provision in North Northamptonshire.
- 4.7 The Care and Support market is competing with other industries in recruitment and retention of staff. Throughout 2023, feedback from North Northamptonshire care and support providers highlighted significant challenges related to recruitment and retention of staff. Albeit the latest Skills for Care data showing a slowly improving picture there continues to be a challenge for social care providers to expand their workforce and therefore capacity to provide care and support locally. Our ongoing engagement has highlighted that this remains the most significant risk to maintaining and expanding capacity in North Northamptonshire.

5. Issues and Choices

- 5.1 Several options have been considered in arriving at the proposals and recommendations contained within this report. The detailed options considered are set out below:

<p>Option 1: Do nothing and apply no uplifts (not recommended)</p>	<p>Care providers are facing well publicised inflationary pressures. These include an increase in the National living Wage of 9.8% and additional inflationary pressures posed by fuel and food. The Consumer Price Index (CPI) shows inflationary pressures of 6.1% to September 2023.</p> <p>Providing no inflationary uplift would result in escalating instances of provider failures as a result of financial pressures. This would also exacerbate the challenges providers face in relation to recruitment and retention resulting in a decreased supply of care and support for people with eligible care needs.</p>
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	<p>Adopting this option would make it challenging for the Council to demonstrate it was meeting its statutory duties as set out in Section 5 of the Care Act 2014.</p>
<p>Option 2: Targeting uplifts at particular service types (not recommended)</p>	<p>Inflationary pressures are present for social care providers across all service types. All service types are reporting challenges in the recruitment and retention of care staff, and this is demonstrated through the Council's contract monitoring activity and the workforce data provided by Skills for Care.</p> <p>The Council's Care Act duties are applicable to all service types and there is limited benefit to targeting uplifts to particular sectors within the social care market at this time.</p> <p>Our market intelligence does not demonstrate that there is a particular service type that is in a unique position in terms of inflationary pressures or limited supply and therefore there is no rationale for targeting a particular service type for a greater or lower annual uplift.</p>
<p>Option 3: Uplift contracted care providers as per Table 1, including NLW for frontline carers and recognising inflationary pressures (Recommended Option)</p>	<p>This option is based upon the Council's market engagement to target annual uplifts to enable providers to uplift the hourly rate of pay for care staff to at least the NLW supporting recruitment and retention.</p> <p>This uplift enables the Council to demonstrate it is meeting its statutory duties as set out in the Care Act. It also acts as a further incentive for providers to contract with the Council, supports a decrease in utilisation of Spot providers and enables the Council to exert greater influence over the supply and quality of care from contracted providers within North Northamptonshire.</p> <p>Within this option detailed engagement and financial modelling has been completed with our contracted supported living providers. This modelling has informed the average uplift of 5.2% however, this will vary between 5.8 and 3.8% applied to the individual tiers to drive consistency in how tiers are applied by contracted providers.</p> <p>Within this option there is also an enhanced uplift for older persons residential and nursing care providers utilising the Market Sustainability and Improvement Fund.</p> <p>The report recommends an additional uplift of 2.61% for older persons residential care and 4.28% for older</p>

	<p>persons nursing care over and above the NLW increase utilising this grant funding. This represents a further move towards ensuring our expected to pay rates for older persons services ensure sustainable and high-quality services and is required within the grant conditions of the Market Sustainability and Improvement Fund. This represents additional investment of £958k in addition to the National Living Wage increase and is based upon the Council's Market Sustainability plan that was published in March 2023 to continue to move towards ensuring our expected to pay rates support a sustainable market of older persons care providers.</p>
<p>Option 4: Lower uplift to the whole market including spot and framework providers (not recommended)</p>	<p>Spot providers are already 20-40% more costly than our contracted care providers. This option does not reflect the Council's commitment to working with and supporting its contracted care providers and acts as a disincentive for providers to contract and focus their service development on services required by the Council.</p> <p>This option would result in a significantly lower uplift for the Council's contracted care providers exacerbating their recruitment and retention challenges resulting in a further decrease in our contracted care provision and impedes the Council's influence over the care and support market in North Northamptonshire.</p>

- 5.2 The recommended option 3 is intended to strengthen the range and number of contracted suppliers, whilst stimulating stability and account for market pressures that include inflationary costs and the legacy of Covid-19. This uplift will support us in meeting our statutory duties in ensuring that there is a sustainable market of social care providers and support us in securing best value from our contracted providers.
- 5.3 Option 3 proposes to utilise £958k of the Council's allocation of the Market Sustainability and Improvement Fund to invest into older persons residential care services. The Market Sustainability and Improvement Fund ('the fund') was announced at the autumn statement in November 2022. The primary purpose of the fund is to support local authorities to make tangible improvements to adult social care services in their area, in particular to build capacity and improve market sustainability. There are three grant conditions for this grant that underpin the overarching objective of building capacity and improving market sustainability. These are:
- increasing fee rates paid to adult social care providers in local areas
 - increasing adult social care workforce capacity and retention
 - reducing adult social care waiting times

5.4 The Council's grant allocation for 2024/25 is £4,444k with the remaining £3,486k being used to utilise a reduction in social care waiting times to ensure full compliance with the grant conditions.

6. Next Steps

6.1 Following approval from the Executive, the following communications and transactions will be completed by:

Provider Letters- uplift award	April – exact date TBC
Electronic records (fees and schedules) updated	May – exact date TBC

7. Implications (including financial implications)

7.1 Resources, Financial and Transformation

7.1.1 The recommended uplift for 2024/25 is as set out in the table at paragraph 3.1 which amounts to £6.043m.

7.1.2 A total budget of £6.310m had been agreed for contract inflation spread across two growth lines in the MTFP. The MTFP displays contractual inflationary uplift across £4.372m for contractual inflation in Adult Social Care and £19.836m demographic growth. An element of the £19.836m is made of the Market Sustainability and Improvement Fund of £4.444m and £958k of this is funding uplifts to residential and nursing care over and above the NLW requirements in order to meet the grant conditions of this fund.

7.1.3 After committing the £6.043m within scope of this report there is a remaining budget of £267k which will be earmarked to meet the requirements of any additional in year uplifts such as those from people in receipt of a direct payments or spot providers by exception.

7.1.4 There are no further financial implications arising from this proposal.

7.2 Legal and Governance

7.2.1 Section 5 of the Care Act 2014 establishes a duty on each local authority to ensure a sustainable market of care in their area. The 'market of care' includes the full range of service types and provisions applicable to adult social care which includes residential and nursing care, homecare, day care, supported living and the provision of direct payments to employ personal assistants.

7.2.2 Annual fee uplifts take into consideration market pressures and market sustainability. This includes the care market's ability to maintain adequate capacity and supply, whilst adhering to regulatory and quality requirements within the general and commercial environment in which care and support

providers operate. The uplifts also take into consideration central government's annual position on setting the National Living Wage.

- 7.2.3 The Care Act requires councils to ensure there are enough high-quality providers and services for people to choose from in their local area. This includes understanding the true costs of care, ensuring providers are paying care staff the national minimum wage and for the time spent travelling between calls, and working with providers to minimise the risk of unexpected failure. The legislation also requires councils to consider the impact of their own commissioning practices, avoiding any actions that could threaten the sustainability of the sector.

7.3 Relevant Policies and Plans

- 7.3.1 This proposal supports North Northamptonshire's Corporate Vision of being: "A place where everyone has the best opportunities and quality of life." The proposal also aligns to Northamptonshire's Health and Care Partnership vision of "a positive lifetime of health, wellbeing and care in our community." The proposal supports delivery of the following Council priorities:

- a) Active Fulfilled lives - access to better quality adult social care and providing enhanced support to improve mental health and wellbeing.
- b) Thriving places - supporting the creation of high-quality jobs and better skills
- c) Modern public services – provide good quality and efficient services valued by our customers

7.4 Risk

- 7.4.1 The provision of the proposed recommended uplift to the Council's contracted providers should drive a reduction in risk. Since the beginning of the pandemic in mid-2020 there have been increasing risks associated with our ability to meet needs assessed as eligible under the Care Act because there continues to be a strain on capacity within the social care market particularly, driven by the impact and legacy of Covid-19.
- 7.4.2 This position coupled with the general difficulty recruiting and retaining staff requires the Council to respond to help sustain the care and support market. The proposed uplift will alleviate some of these risks and create an environment for stability.
- 7.4.3 There are limited risks identified to the provision of a 0% uplift to spot providers. Fees levied by these providers are generally 20-40% higher than the Council's contract framework rates. This creates a further incentive for providers to become a contracted framework provider. However, the Council is increasingly contacted by spot providers seeking an increase in fees and manage these requests through open book accounting to ensure care fees provide value for money.

7.4.4 The variable uplift proposed for contracted supported living providers is based upon a detailed review of a sample of 25% of contracted packages of care determining actual provision of care within each tiered rate. This review demonstrated variable hourly rates in practice based on actual provision of care and support. Therefore, we propose to vary the uplift awarded to each tier to support us in minimising variation and to maximise value for money.

7.4.5 A detailed review and commissioning exercise will be completed in 2024/25 however, the assessment of the variable uplift proposed is based upon a 25% sample of the market so there is a risk of variation within the external market and that we may be approached for additional uplifts from contracted providers. This will be mitigated by our review and recommissioning exercise in 2024/25.

7.5 Consultation

7.5.1 The Council has received views from the care and support market relating to increasing pressures around recruitment and retention and the influence of non-care related competitors.

7.5.2 Annually the Council receives correspondence from many providers requesting uplifts in the approaching fiscal year. These communications have been fully reviewed and considered in arriving at the proposal and recommendation outlined in this paper.

7.6 Consideration by Executive Advisory Panel

7.6.1 The recently relaunched Executive Advisory Panels have been re-focussed to provide greater attention on policy and strategy development, annual fee uplifts are unlikely to be required to be presented to EAP for discussion unless there was a significant change in policy direction.

7.7 Consideration by Scrutiny

7.7.1 This proposal may be subject to consideration by Scrutiny Committee.

7.8 Equality Implications

7.8.1 84% of the Social Care workforce in North Northamptonshire is female, 28% are aged over 55 and 18% are of a Black, Asian, Minority Ethnicity. This compares to a gender ratio of 0.97 male to female, an average age of 41 and 10% of the population being of a Black, Asian or Minority Ethnicity in the general population across North Northamptonshire.

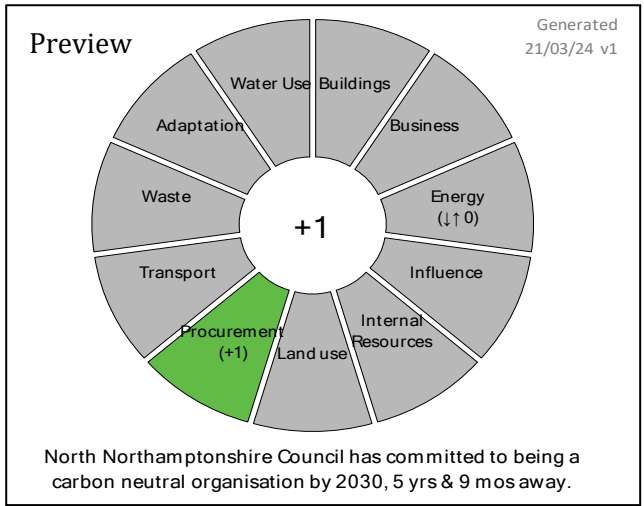
7.8.2 Targeting and supporting their financial sustainability is likely to have a positive equality impact. Our annual uplifts will support the recruitment and retention of the social care workforce, which is disproportionately weighted toward females,

those aged over 55 or from a Black, Asian or Minority Ethnicity when compared to the general population across North Northamptonshire.

- 7.8.3 Our uplifts will maximise the Council's contracted providers ability to expand to meet the needs of people in North Northamptonshire who have eligible care needs often as a result of a disability. Therefore, people drawing on the services of our contracted care providers are likely to have protected characteristics as a result of a disability so will be positively impacted by this proposal. These individuals will benefit to a greater extent from a market of high quality, sustainable social care providers supported by the recommended annual uplift.

7.9 **Climate and Environment Impact**

- 7.9.1 With the Council's declaration of a climate emergency in July 2021 and the approval of the Carbon Management Plan in December 2022, we have committed to working towards becoming a carbon neutral council by 2030.
- 7.9.2 A Climate Change Impact Assessment (CCIA) has been completed, and a Climate Change Impact Report is included as **Appendix A**.
- 7.9.3 Providing an inflationary uplift to these contracts will have minimal impact on carbon emissions and environment. It supports a continuation of services so the impact should remain the same.
- 7.9.4 Providers will be required to deliver the service in a way that limits impact on the climate and environment. Providers will work with North Northamptonshire Council to continuously review the service delivery model to benefit from new technologies or ways of working to further reduce environmental impact.
- 7.9.5 Within the terms and conditions of these contracts providers are required perform their obligations in accordance with the Authority's environmental policy, which is to conserve energy, water, wood, paper and other resources, reduce waste and phase out the use of ozone depleting substances and minimise the release of greenhouse gases, volatile organic compounds and other substances damaging to health and the environment.
- 7.9.6 There is regular engagement with contracted providers via weekly bulletins, newsletter and quarterly forums where good practice is shared. Every provider will have an annual quality monitoring visit to ensure compliance with the contract.



7.10 Community Impact

7.10.1 This proposal and recommendations seek to strengthen care and support provision throughout the North Northamptonshire localities.

7.11 Crime and Disorder Impact

7.11.1 There are no identified impacts on crime and disorder because of this report.

8 Background Papers

8.1 None.