

EXECUTIVE

17th March 2022

Report Title	Annual Inflationary Uplift Adult Care and Support 2022/23
Report Author	David Watts, Executive Director of Adults, Communities and Wellbeing
Lead Member	Cllr Helen Harrison – 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	

List of Appendices

None

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 2022/23 across the full range of community-based provision which includes residential and nursing care, home care, day care, supported living and direct payments.

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 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 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.
- 2.3 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 assert control over the cost of care and the standards and quality of care delivered.
- 2.4 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' 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 or requiring day to day support from workers with sign language skills. 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 are generally between 20-40% higher than framework fee levels.
- 2.5 This report provides an overall consideration of an uplift of 6.5% to contracted framework providers and a 0% uplift to spot providers. The rationale for the application of these fee increases is laid out in the body of this report.

3. Recommendations

- 3.1. The Executive is recommended to approve the following proposed increases in fee levels for 2022-2023:

Provision Type	Recommendation	Current Annual Cost £	Proposed Annual Cost £	Net increase Cost £
All Framework contracted provision	A fee uplift of 6.5% to all Providers currently on a contract framework. This uplift accounts for: <ul style="list-style-type: none"> • The increase in the National Living Wage • Market pressures in recruitment and retention • An incentivisation to continue to be party to the Council's contract frameworks 	£41,096m	£43,767m	£2,671m
Non-Framework 'spot provision'	A fee uplift of 0% to all spot Providers. This uplift accounts for: <ul style="list-style-type: none"> • The continued higher fee levels already paid to spot providers • An incentive to join the Council's contract frameworks 	£56,073m	£56,073m	£0
Totals		£97,170m	£99,840m	£2,671m

3.2 Reason for recommendations

3.2.1 The National Living Wage for 2022/23 is 6.6 %. This compares to 2.2% in 2021/22.

3.2.2 The care and support market in North Northamptonshire continues to experience difficulties with the recruitment and retention of care staff. This is caused by competition from other industries and the ongoing influence of Covid-19. The position in North Northamptonshire is in keeping with the national picture.

3.2.3 In order to meet the council's statutory responsibilities, there has been an increase in the numbers of packages of care individually commissioned using spot providers with a commensurate increase in spend. 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.

3.2.4 The Executive is reminded of the uplift in 2021/22 as being 2.75% and 0% for older adult services and younger adult services, respectively. The uplift in 2021/22 has not been sufficient to stabilise the market during the pandemic and pressures in capacity and demand have increased.

3.3. Options considered

3.3.1 Several options have been considered in arriving at the proposal and recommendation contained within this report. The options considered include a 0% uplift, a 4.3% uplift to contracted suppliers only, a 4.3% uplift to both contracted and non-contracted suppliers and a 6.5% uplift to contracted suppliers only. The recommended option is made in order to strengthen the range and number of contracted suppliers whilst stimulating stability and account for market pressures that include the impact of Covid-19 as well as market inflation and the forthcoming changes to the National Living Wage.

4. Report Background

4.1 The Care and Support market is competing with other industries in addressing recruitment and retention of staff. In November 2021 feedback from North Northamptonshire care and support providers highlighted the following as significant risks to maintaining existing capacity and in expanding to provide new capacity:

- 77% of providers mentioned the impact of COVID-19 on their businesses (prior to the announcement by Government of mandatory vaccination).
- All providers said staff retention and recruitment were their main concern, explaining that they were unable to compete with other industries. They variously cited apprenticeships, low skilled work such as basic manual labour, office work, hospitality, logistics/Amazon, and supermarkets as key competitors paying higher hourly rates.
- Most complained of a lack of local authority uplifts in recent years, and that these have not kept up with increases in the National Minimum Wage or pay in other sectors.
- 75% of providers felt the general appeal of care work in comparison to other employment was a significant factor, especially as rates of pay were much lower and the added environmental and health implications of Covid-19.
- Homecare providers felt the additional difficulties for staff, such as working in numerous locations, regular changes to rotas/ hours and increased fuel costs were overlooked and not reflected in the rates they received.

- 4.2 The Executive has received reports pertaining to the recommissioning of key adult care and support services, notably the recommissioning of homecare services and the recommissioning of care home services. These reports provided the executive with benchmarking information which concluded the Council's homecare and care home expected to pay rates as being below regional comparators by approximately 16%. These below average contracted rates have given rise to the increase in spot packages.
- 4.3 The percentage of all care and support arrangements delivered by a 'spot' provider is now 58%. This compares with approximately 50% in 2021/22 and 40% in 2020/21. This changed position is largely caused by the lack of capacity in contracted suppliers who are experiencing difficulty retaining and recruiting staff at the council's fee rates, effectively forcing an increase in the use of spot providers to fulfil the Council's statutory duties. Increasing the Council's fee rates will positively influence recruitment and retention and reduce spend on spot provision.
- 4.4 The National Living Wage increase for 2022/23 is 6.6%. This compares to 2.2% in 2021/22.
- 4.5 Throughout the COVID-19 pandemic additional one-off payments have been made to regulated services using the conditions asserted through the Department for Health and Social Care's (DHSC) Infection Control Grants. These grants have relieved some of the pressures associated with the use of agency staff, and enabled sickness payments to staff, to reduce transmission of the virus and maintain safe working practices. The grants have been made according to the numbers of individuals each service type is supporting at the time of the grant allocation and all recipient providers have been required to confirm how monies have been spent against the conditions of the grant as stipulated by the DHSC.
- 4.6 The Council is in the process of distributing the DHSC Workforce Recruitment and Retention Fund to regulated providers as one-off payments to staff who have worked or have been newly recruited over the winter period. This is in keeping with the conditions and intention of the fund.
- 4.7 The Infection Control Fund grants and the Workforce Recruitment and Retention Fund grant have supported the care and support market with specific elements of pressure over the past 18 months. However, there is a need to lever greater stability within the market over the next 12 months; enabling a more sustainable recovery from the impact of the pandemic and incentivising contracted relationships that will aid partnership working to deliver against the Councils core aims and statutory responsibilities.
- 4.8 The Medium-Term Financial Plan (MTFP) allows for an uplift spend in adult social care of £4.1m. Additional budgeted provision has been made for increased acuity (complexity of needs) and changes in demography. The total recommended uplift sum is £2.671m. The Council's Expected to Pay Rates will also be adjusted to 'close the gap' with regional comparators at the point of re-procurement and the net residual from the MTFP allocation and recommended

annual uplift spend will account for this and any ad hoc reasonable and fair requests relating to specific and individual provisions.

5. Issues and Choices

5.1. The following table provides competitor information on pay rates – comparing the pay rates of care and support workers with pay rates in other competitor industries, using entry level pay scales for over 21-year-olds.

Average pay rate care work	Average pay rate hospitality	Average pay rate supermarkets	Average pay rate Amazon
£9.47	£10.82	£9.95	£13.56

5.2 The November 2021 survey of providers advised us of the following disaggregation of income (averages)

Income against staff costs	63%
Income against training	18%
Income against travel	3.5%
Income against management and quality assurance	9.7%
Other (insurance, premises, regulation, profit)	5.8%

5.3 Options

<p>Option 1 Do nothing. No uplift award to all care and support services.</p>	<p>This option is not recommended. The Council will have significant problems meeting its statutory duties and avoiding market failure.</p>
<p>Option 2 4.3 % market inflation only award to all contracted providers</p>	<p>This option is not recommended. The market requires increased investment to achieve post pandemic stability and level out recruitment and retention issues.</p>
<p>Option 3 4.3% market inflation award to all provisions - contracted and spot</p>	<p>This option is not recommended. The contracted market requires increased investment to achieve post pandemic stability and level out recruitment and retention issues, whilst spot provision is already 20-40% above contracted fee levels.</p>
<p>Option 4 6.5% award to all contracted providers only.</p>	<p>This is the recommended option. This option will aid the recovery of the contracted market and support partnership working to create stability and achieve the Council's aims.</p>

- 5.4 The preferred option is Option 4 a 6.5% uplift to all contracted provision. This recommendation is applied based on the 4.3% market inflation position, the 6.6% national living wage increase, and the strategic consideration of stabilising the care and support market through improved recruitment and retention.
- 5.5 Market feedback is indicating an average request of between 6% and 9% uplift for 2022/23 to meet current responsibilities. The Council's current fee rates are on average 16% below regional comparators. To stimulate a vibrant and robust care and support market the difference between the Council's fee rates and regional comparator rates must be reduced.

6. Next Steps

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

Executive	17 th March 2022
Provider letters - uplift award	11 th April 2022
Electronic records (fees and schedules) updated	11 th July 2022

7. Implications (including financial implications)

7.1. Resources and Financial

7.1.1. The recommended uplift award for 2022/23 is 6.5% at a cost of £2.761m. The Council's MTFP makes allowance for this uplift.

7.1.2. 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."

7.3.2 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 will 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 homecare market particularly, driven by the impact of Covid-19 on transmission rates and isolation rules, and in the care home market driven by temporary home closures due to Covid-19 outbreaks. 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.

7.4.2 There are no risks identified to the provision of a 0% uplift to spot providers. Fees levied by these providers are generally 20-40% higher than the Councils contract framework rates.

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 considered in arriving at the proposal and recommendation.

7.6 Consideration by Executive Advisory Panel

7.6.1 This paper may be considered by Executive Advisory Panel for Health, Wellbeing and Vulnerable People as part of the Council's governance process.

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 There are no equality duty implications arising from this proposal and recommendation.

7.9 Climate Impact

7.9.1 The Council will work continuously with providers to ensure services maximise the use of technology and exploit service innovations that support the Council's commitment for a greener environment.

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 The Council will work with providers to maximise employment opportunities within the local community.

7.11.2 Independent Sector services will work collaboratively across the Voluntary, Community and Social Enterprise sectors to deliver joined-up and holistic care and support to individuals accessing services.

7.11.3 To support the Council's vision of enabled Connected Communities, the Council will work with providers to support residents to have continuing access to appropriate and innovative community resources.

8 Background Papers

8.1 None.