Adult Social Care Fee Setting - 2019/20

ASC & Health Scrutiny January 2019

2019/20 Approach

- The model recognises that placements in standard residential beds will cease over time and as a result proposes a basic uplift to allow providers to pay employees a basic pay rate of £9 per hour.
- For high needs residential and nursing care the model will recognise:
  - An increase in the basic pay rate from NLW to UK Living Wage (£9 per hour from April 2019)
  - An increase in the number of care hours to 25.8 for each bed type, an increase of between 3.6 and 4.8 hours per week.
  - The introduction of a weekly amount for delivery of activities / activity coordination.
  - 3% increase for non staffing costs.

	18/19 £	Uplift £	Uplift %	19/20 £
Standard Residential	470	38	8	508
Residential EMI	505	98	19	603
Standard Nursing	518	103	20	621
Nursing EMI	546	92	17	638

Assimilation Principles

1. Open placements that are currently paid at below the contract rate will be assimilated to the new contract rate.

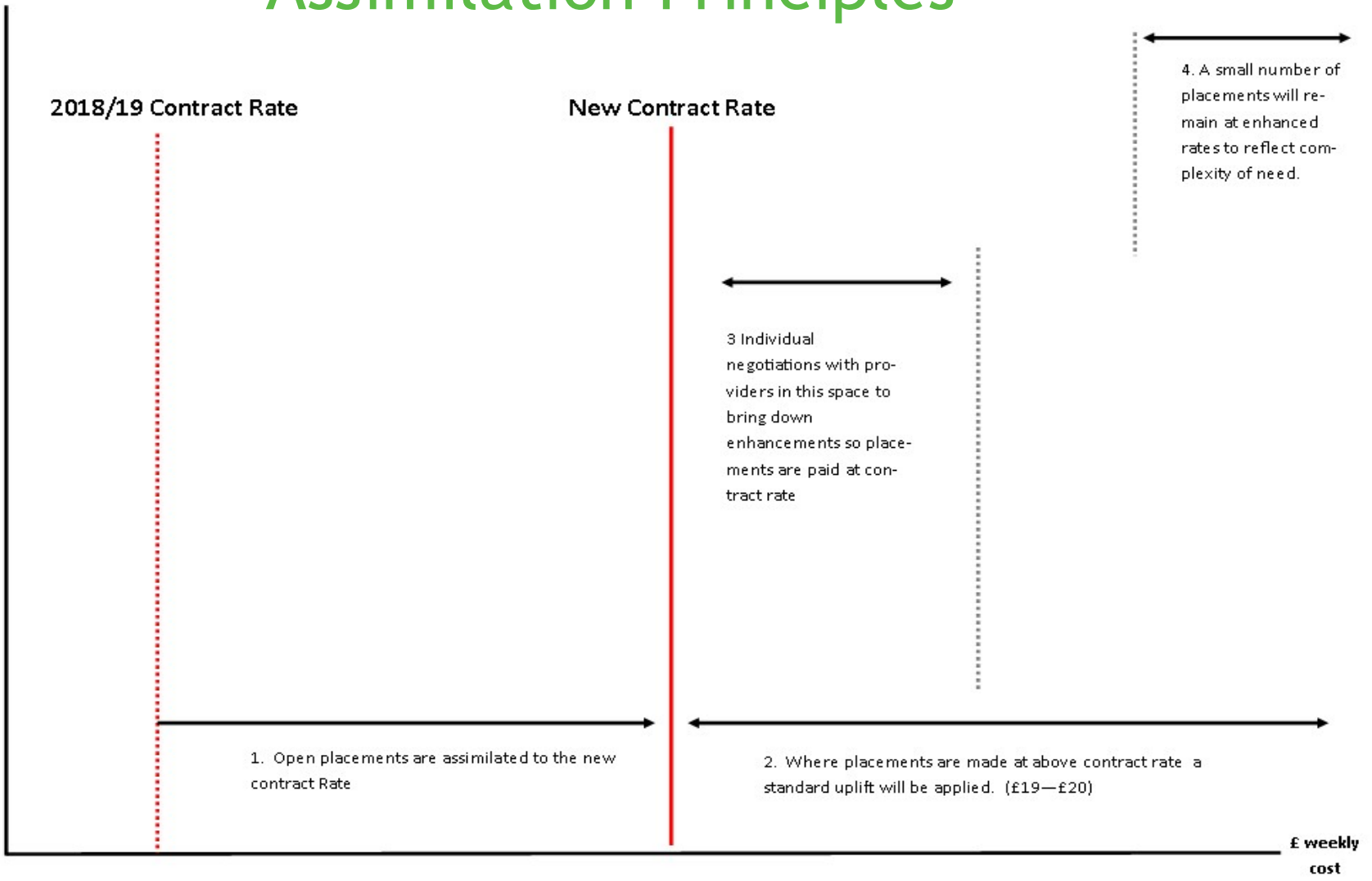
2. Open placements currently paid at above the new contract rate will receive a standard uplift (see table). This ensures that the Council meets its obligations to cover the increases in statutory costs.

3. In addition, individual negotiations to achieve the new contract rate will be undertaken with providers who have:
   I. Received increases because they had open placements at below the new contract rate, and,
   II. Also have a number of open placements at above the new contract rate.

4. New placements will be made at contract rate unless there are exceptional circumstances. Placements will only be made at an enhanced rate once all other options have been fully investigated and discounted.

2018/19 Contract Rates	Standard uplift
Standard Residential	18
Residential EMI	19
Standard Nursing	19
Nursing EMI	20

Assimilation Principles



Financial Implications – Current Client Cohort

- The financial implications of the proposed model have been calculated over the MTFP period using the current cohort of clients.
- It is assumed that from 2020/21 there is a 4% uplift pa on the contract rate.
- This model presents assumes that the proposal has **no impact** on the number and value of enhancements. This position is considered unlikely.
- In this scenario the model would require additional investment from 2021/22, and would rely heavily on non recurrent funding in years 1 and 2.

Financial Year	2019/20	2020/21	2021/22	2022/23
Cost of Proposal	2,220,485			
OOB	375,807			
Proposed Total Cost	**2,596,292**	**2,700,144**	**2,808,149**	**2,920,475**
Recurrent Funding				
Price inflation	812,430	749,250	681,210	694,170
NLW	608,016	608,016	608,016	608,016
Subtotal	**1,420,446**	**1,357,266**	**1,289,226**	**1,302,186**
Non Recurrent	1,175,846	1,342,878		
Subtotal	**1,175,846**	**1,342,878**	-	-
Potential Funding Gap	-	**0**	**1,518,923**	**1,618,289**

- There is £1.5m allocated from iBCF to support this investment, along with the additional monies available through the new resources announced as part of the budget 2018.

Financial Implications – Bridging the Gap

- Along with the fees proposal there are a number of other work streams which will support the Council in the reduction of the number and value of enhancements:
  - New contract fee rates (this proposal)
  - Review of short stay beds
  - Introduction of the practise scrutiny group. The group will provide appropriate challenge and scrutiny for significant decisions in adult's lives and for workers in exploring alternative options, and share accountability for those decisions with senior managers.
  - The future commissioning strategy, this is being developed with colleagues from across the Council to inform the types of care provision required in future.
- As a result, two further models have been developed to illustrate how cost reductions will bridge the investment gap.
  - 75% of placements being made at contract rate and 25% still have an enhancement.
  - 85% of placements being made at contract and 15% still have an enhancement.

Modelling Assumptions:

- An Average placement will last between 2 and 2.5 years. For modelling the length of stay is assumed to be 3 years.
- The financial year a placement may end has been calculated by looking at the length of time between current average placement by provider and 3 years.
- Cost reductions have been assumed from the financial year after the end of placement in recognition that this is likely to occur on a gradual basis. No cost reductions have been assumed in year one.
- Along with other work streams the service are committed to achieving cost reductions as quickly as possible and so it is likely that there would be some cost reductions in 2019/20

Model 1 : 75% placements made at contract rate

- This model assumes that 25% of placements are still made at an enhanced rate
  (using the current average rate)
- The non recurrent monies available to ASC would be used to support the first two years.
- The point when the model would expect price pressures to equal the resources within the MTFP is between years 3 and 4.

Financial Year	**2019/20**	**2020/21**	**2021/22**	**2022/23**
Cost of Proposal	2,596,292	2,700,144	2,429,549	1,559,360
Potential in year cost reductions				
Residential EMI		(100,332)	(698,524)	(75,331)
Nursing Standard		(61,378)	(178,897)	(171,636)
Nursing EMI		(202,329)	(52,745)	(63,167)
Subtotal Reductions	**0**	**(364,039)**	**(930,165)**	**(310,134)**
Revised Cost of Proposals	**2,596,292**	**2,336,105**	**1,499,384**	**1,249,225**
Funded by:				
Recurrent MTFP	1,420,446	1,357,266	1,289,226	1,302,186
Non Recurrent funds	1,175,846	978,839		
Potential Funding Gap	-	0	210,158	(52,961)

Model 2 : 85% placements made at contract rate

- This model assumes that 15% of placements are still made at an enhanced rate.
  (using the current average rate)
- The non recurrent monies available to ASC would be used to support the first two years.

Financial Year	2019/20	2020/21	2021/22	2022/23
Cost of Proposal	2,596,292	2,700,144	2,374,339	1,372,958
Potential in year cost reductions				
Residential EMI		(118,258)	(791,660)	(85,375)
Nursing Standard		(69,561)	(202,750)	(194,521)
Nursing EMI		(229,306)	(59,777)	(71,590)
Subtotal Reductions	**0**	**(417,125)**	**(1,054,187)**	**(351,486)**
Revised Cost of Proposals	**2,596,292**	**2,283,018**	**1,320,152**	**1,021,472**
Funded by:				
Recurrent MTFP	1,420,446	1,357,266	1,289,226	1,302,186
Non Recurrent funds	1,175,846	925,752		
GAP	-	0	30,926	(280,714)

Homecare- 2019/20

- The ethical care framework (ECF) was introduced in 2018/19 which was supported by the introduction of two hourly pay rates:
  - £14.78 for those providers who have not signed the ECF
  - £15.61 for those providers who have signed the ECF.
- To ensure parity with basic pay rates included in the residential and nursing contract fee rate, it is proposed to increase the basic pay rate in from £8.61 per hour to the living wage £9 per hour for homecare.
- The 2019/20 rates are:
  - £16.16 for non ECF providers
  - £17.04 for ECF providers
- The anticipated cost to the Council is £0.990m pa. This would be supported by £0.210m of non recurrent resources.
- The 2019/20 homecare rates will need to be included within the Councils charging policy. 2019/20 will be the second year of a phased implementation of the policy, it is proposed that no changes are made to the phasing policy but the rates are updated to reflect 2019/20 rates.

Risks

The key risks arising from the proposed provider uplifts are:

- The residential / nursing market does not respond as expected to the increased rates and other interventions resulting in the value and number of enhancements not reducing to expected levels.
- The duration of stay exceeds the forecast, resulting in the timescales being longer than anticipated.
- Individual negotiations are unsuccessful and cost reductions are only experienced when clients exit services and new placements are made.
- Quality does not continue to improve as a result of the proposed fee uplift an interventions.
- There is failure to sign up to the Ethical Care Framework and failure to continue to improve quality and seven day services.
- The non recurrent funding to ASC ceases and/ or significantly reduces resulting in future MTFP support. This will be monitored and updated through the MTFP planning assumptions.

The above risks can be mitigated by improved negotiations with providers through the practise scrutiny group and improved BI information. As well as engagement with providers through the commissioning and quality teams.