

**ANNUAL RESIDENTIAL/ NURSING CARE, HOME CARE AND OTHER CARE
MANAGEMENT FEE SETTING 2024/ 2025**

Report of the Director of Adult Social Services

Introduction and Purpose of the Report

- 1.1 This report outlines the 2024/25 fee setting recommendations for the most significant areas of externally commissioned services within Adult Social Care. This report represents the continuation of a strategic approach by the Council to invest in the wider Social Care Market. The Council is committed to working with our partners in the private and voluntary sectors to create a sustainable and high-quality market for care provision. The process undertaken in this annual exercise has built on and benefited from the strong working relationship with our provider markets. It is against this backdrop of collaboration and a desire to achieve the best possible outcomes for the people of Stockport, that this report and its recommendations are presented.

The following services are included within the scope of this report:

- Residential and Nursing Care Homes
- Homecare provision offered within an individual's home
- Day Care services
- Learning Disability Services
- Other Non-residential care management services

- 1.2 The report is intended to be considered in the context of budget setting proposals and describes the recommended fee increase for 2024/25. This will allow for implementation at the start of the financial year providing financial certainty to the market, supporting care providers with their cash flow, as well as supporting the process for assessment of client contributions. It will also avoid internal inefficiency caused by the need to make back payments as well as conforming to good commissioning, procurement practices and will meet both policy and legislative requirements.

2. Background

- 2.1 The Care Act (2014) requires local authorities to help develop a market that delivers a wide range of sustainable high-quality care and support services that will be available to their communities. It requires local authorities to pay a fair price for care for efficient and effective providers. Local authorities are required to pay a fee level that ensures providers are able to meet their statutory responsibilities, for example, national minimum wage. In Stockport we continue to work with Providers to pay Real Living Wage (RLW) following the Council's commitment to pay RLW for all workers in ASC in Stockport. This aligns to the Council receiving its RLW accreditation by the Living Wage Foundation as being a RLW employer. At the same time local authorities must ensure that the services commissioned are cost effective and offer value for money. When purchasing and arranging services, local authorities must consider how they might affect an individual's wellbeing. There are

risks for the Council and its partners in failing to sustain an appropriate choice of provision at the required quality.

- 2.2 The external market for care and support is of fundamental importance to the local health and social care system for individuals requiring care and support. This provision is key to supporting individuals to maintain their independence and quality of life in the most appropriate setting that meets their needs.

A key driver for supporting the external market is its ability to reduce the number of hospital admissions and respond appropriately to hospital discharges as well as meeting our statutory responsibilities. This has continued to be an area of focus for commissioners in the current financial year. The Council continues to work together with the local Foundation Trust and Health Colleagues from the Integrated Care Board (ICB) to ensure that the discharge to assess (D2A) process is able to support the significant and ongoing pressures across the health and social care system.

- 2.3 Stockport continues to work with colleagues and providers across the Health and Social Care system to understand the local care market; and to support and develop it accordingly. The collaboration and participation with the local market through fee setting engagement in late 2023 and early 2024 has given the Council a valuable insight into the costs and challenges that providers are facing locally.

The Council contacted all commissioned social care providers working in Stockport to ask for their feedback in respect of costs, pressures and efforts to drive efficiencies. The Council received a good response from providers and the Council is grateful for the time given by providers in responding. The information shared built on the detailed information that providers shared with the Council as part of the Cost of Care exercise which took place in 2022/23.

- 2.4 Following on from the significant investment made in uplifting fees across residential and nursing homes in 2019/20 and the changes in demand and occupancy in Stockport, progress is steady in ensuring there is sufficiency of provision that is of good quality. The table below illustrates the level of fee uplifts from 19/20 and highlights the increasing rates over this period. However, there continue to be challenges in securing affordable provision within the Borough.

Care Type	2019/20	2020/21	2021/22	2022/23	2023/24
	£	£	£	£	£
Homecare Standard Rate*	16.16	16.68	17.16	18.12	20.04
Homecare Ethical Rate	17.04	17.56	18.08	19.08	21.12
Standard Residential	508	530	551	587	668
Residential EMI	603	627	652	694	782
Standard Nursing	621	646	671	715	805
Nursing EMI	638	662	688	732	822

*From Q2 2023/24 all remaining Homecare providers were transferred over to the Homecare Ethical Rate of £21.12

2.5 In 2019/20 the Council's investment was made to reflect in both Home Care and Residential / Nursing care the recognition of the Real Living Wage in its cost of care model. This meant for those services there was provision for providers to pay all their staff at the Real Living Wage rate. Following on from the Council's commitment to the Real Living Wage Adult Social Care Commissioners worked with the care sector to align pay rates at that level for staff. This has resulted in several providers in the Borough becoming formally accredited as Real Living Wage employers.

2.6 The major pressure noted by providers for 2024/25 was the planned increase in the Real Living Wage alongside challenges in recruitment and retention of a suitable care workforce. Difficulties in recruiting registered managers and qualified nursing staff remain and the demand for these roles across the health and social care sector continuing to be high. From discussions with colleagues across the country, it is clear that the recruitment challenges are felt nationally, providers have also consistently noted that recruitment difficulties are more acute in Stockport due to the demography of the area. The Council continues to support the sector with this recruitment challenge, continuing to work collaboratively with health colleagues on jobs fayre events and developing specific social care leadership courses in collaboration with Stockport College.

2.7 The Care Quality Commission (CQC) adopted a new inspection regime in February 2024, taking an intelligence led, risk-based inspection regime, meaning that they are looking to inspect providers where there have been concerns raised or incidents reported to them. This is a development of the approach taken through the COVID-19 Pandemic which has meant that inspections over the last year have been more likely to result in ratings of "Requires Improvement" or "Inadequate" than "Good" or "Outstanding". Across England in the last 12 months, 59% Care Homes were rated by CQC as Good or Outstanding and 41% rated as Requires Improvement or Inadequate.

This approach has had an impact locally; currently 82% of residential beds are rated good or outstanding by the CQC in Stockport, the Council is working with providers and health colleagues to drive up quality across the Care Home market. This includes care homes with nursing where the percentage of beds in Stockport rated as good or outstanding is 57%. Both figures represent an increase in quality compared with the same point last year but there remains a focus from health and social care in working with the sector to drive up the quality of provision for people living in care homes in Stockport.

The backing provided by commissioners through quality support and guidance alongside financial investment in the Stockport market for adult social care has continued to be welcomed by providers and impacts positively on the quality of provision available to residents.

2.8 The Council continues to work with providers with the Stockport's Ethical Framework and by investing in home support the Council has enabled more people to continue to live in their own communities. Stockport Council has continued to drive down the time taken for people to receive support in their own home following the decision that the support is needed.

2.9 Under the Care Act 2014, local authorities are required to facilitate a vibrant, diverse and sustainable market for high quality care. In line with these

requirements and the Council's commissioning approach the Ethical Framework for Home Support accounts for 100% of the support provided in Stockport.

- 2.10 The Council provides support to over 850 people with learning disabilities. The Council supports 407 people in their own tenancies, ranging from individual apartments to large, shared houses. There are also people who have their own places and receive domiciliary support akin to the support an older person might receive to help with personal care and daily living requirements. A small proportion of people receive specialist residential services to meet their needs.
- 2.11 Providers of learning disability services are facing very similar pressures to those experienced by other providers around recruitment and retention. The needs of people with learning disabilities coming through into adult services are continuing to increase in complexity, which leads to increasing challenges within commissioning and provision. The Council has continued to engage with providers in these care settings with commissioned providers paying their staff the Real Living Wage. This follows on from the significant additional investment that the Council made in 2022/23 to embed RLW across Adult Social Care commissioned provision.
- 2.12 With respect to day services, the Council directly commissions services with eight providers on the day services framework and a smaller number of providers who offer specialist day services. The day service providers on the framework are mainly focused on delivering support to older people and people with a learning disability, of whom over 430 currently receive a service. These providers offer a diverse range of services, which are available on weekdays and evenings and some services operate at weekends. These services are community based, operating either from a centre or through a structured activity format at different venues across the Borough.
- 2.13 The Council is sustaining our efforts to control and manage costs across Adult Social Care through ensuring oversight of activity and fee rates. This includes ensuring that chargeable income set against Adult Social Care services is collected effectively and efficiently in accordance with Care Act guidance. We continue to work with providers to establish transparent costs, working across directorates and with system partners as necessary to maximise value for money and achieve economies of scale.
- 2.14 Through the Adult Social Care Commissioning strategy, the Council is seeking to drive value for every pound spend which is integral to the broader aims:
- To support with the delivery of One Stockport's Health and Social Care and Council Plans
 - To provide a context and overview of current service delivery across 4 identified Pillars of Stockport's provider market
 - To identify areas of ASC development and need across the Borough through the utilisation of data and direct feedback from local residents and customers
 - To provide clear information on the integrated work being undertaken in Stockport and ways to strengthen and develop this
 - To ensure that the voice of local people is a key driver across all new and existing commissioned provision

- 2.15 As an example, the Council is transitioning to a centralised brokerage function which will facilitate a more concise, consistent approach to the commissioning of care home placements. The brokerage team will work closely with providers to ensure appropriate placements are secured when people are no longer able to continue to live independently with support in their own homes whilst driving value for money in terms of the Council's spend in this area. The approach will also increase the Council's oversight of care home placements supporting the management of the market as well as informing further in-depth financial forecasting and modelling.

3. Financial Context

- 3.1 The Council continues to make significant investment into Adult Social Care. This includes fees paid for client specific externally commissioned services, to support the local care market to ensure it can continue to provide quality care to residents.

National Position

3.2 Inflation

Over the last thirteen months the Consumer Price Inflation (CPI) annual inflation rate has fallen significantly from 10.1% in January 2023 to 4.0% in January 2024. The Office of Budget Responsibility (OBR) and Bank of England (BoE) forecast inflation of around 3.0% at the end of 2024.

Inflationary pressures from food and energy prices have also eased in recent months, which has helped businesses and individuals, aligned to cost of living impacts.

[Rising cost of living in the UK - House of Commons Library \(parliament.uk\)](https://www.parliament.uk/library/research-and-briefings/2023/07/2023-07-20-rising-cost-of-living-in-the-uk/)

- 3.3 In the care sector inflation and both national and global factors impact on a range of costs including:

- Pay to staff for recruitment and retention
- Utilities (gas and electricity)
- Fuel
- Food costs
- Insurance

The impact of pay affects all care settings, however some of these costs are more pertinent to different types of care settings, whether it be bed based, home based, or community-based provision.

3.4 Workforce

In addition to inflation, the care market is facing challenges in recruitment and retention of an appropriately skilled workforce. Gaps in recruitment and retention result in financial instability by creating:

- Further increases to hourly rates for current staff and in recruitment of new staff

- Additional costs to offer incentives to attract a new workforce into care
- Greater need for agency staff at significantly increased hourly rates to cover shifts
- Additional costs associated with recruitment
- Inability to deliver on the optimum provision the provider plans to provide, as there is not the sufficient workforce to deliver the planned levels of care

Care providers are utilising more overseas recruitment to in part mitigate their longer-term workforce challenges, and to help with their permanent staffing establishments.

Recent announcements from Central Government aligned to the National Living Wage and Real Living Wage / UK Living Wage are set out in the table below:

Description	23/24 (Per Hour)	24/25 (Per Hour)	Increase (£)	Increase (%)
National Living Wage	£10.42	£11.44	1.02	9.8
Real Living Wage	£10.90	£12.00	1.10	10.1

3.5 Social Care Reform

There continues to be a pause of the national Social Care Reform programme of introducing a care cap of £86,000 and associated reforms of making the means test for care more affordable. The delay was initially to October 2025; the sector is awaiting further announcements from Government on any revised timeline of implementation. Clarity on the reforms is unlikely before the upcoming General Election and subsequent Government Department Spending Review.

The national delay and reallocation of funding aligned to Social Care Reform has significantly impacted on the progression of the national Cost of Care programme. However, the Council continues to assess the work undertaken from Cost of Care and from its recent provider fee setting engagement as part of its fee setting process.

3.6 Funding

The Local Government Financial Settlement (LGFS) was announced on 5th February 2024. There continues to be uncertainty with regards to the longer-term investment strategy of Central Government for a number of grants within Adult Social Care beyond 2024/25 including:

- ASC Discharge Fund
- Market Sustainability and Improvement Fund (MSIF)
- Better Care Fund
- Improved Better Care Fund

This uncertainty creates significant financial risks for the Council aligned to annual fee setting.

4.0 Local Position

The Council's 2024/25 Budget Setting papers are being presented to the budget Council meeting on 22nd February 2024. There continues to be a range of financial challenges in Adult Social Care including:

- Demographic pressures as individuals are living longer with more complex needs
- Growing need for support from residents/clients that has created an increased demand for services
- Inflationary pressures

Recognising these pressures the Council is investing gross an additional £12.8m into Adult Social Care at budget setting above the recurrent 2023/24 Adult Social Care funding position.

5.0 Residential and Nursing Care

5.1 The Council continues to engage with its Residential and Nursing Care providers with regards to cost pressures within the sector. Recent discussions with care providers have highlighted the following financial challenges:

- Impact of Living Wage increases
- Ability for Nursing Care providers to recruit Nursing Care staff
- Impact of utilisation and rate of agency workers
- Inflationary impact to some non-pay costs
- Acuity of clients
- Impact on borrowing costs (where appropriate) from interest rate increases

5.2 There continues to be a challenge, due to local market conditions, to secure beds at the Council's ceiling rate prices. The bed tracker analysis and daily vacancy information is shared with practitioners to ensure local, cost-effective care can be provided to meet clients required outcomes. Market sustainability alongside good quality provision, that represents value for money, are key components when reviewing fee rates.

5.3 Benchmarking on 2023/24 ceiling rates in the North-West region continues to present Stockport as paying one of the highest base weekly fee rates across the region in all care home fee categories and the highest for standard Nursing Care.

5.4 A further consideration to fee uplifts is the anticipated baseline level of activity in April 2024. There continues to be a focus on timely hospital discharge back into community provision. It is important that individuals are placed in appropriate provision which meets their Care Act eligible needs, with a real focus on a home first approach, where appropriate.

5.5 There is also a requirement of local care home providers to ensure they can deliver and demonstrate financial efficiencies within their cost base from both a staffing and a non-pay perspective, considering procurement of goods and services. This should also include the ability for the care home to accept individuals with varying ranges of care needs within their regular fee rates.

5.6 Ceiling Rate beds

Evaluating all the analysis from local and national data alongside submissions from providers, the Council is proposing an **average uplift to ceiling rate beds of 8%**.

The basis for these uplifts includes:

- Increasing hourly wages in line with RLW from £10.90 to £12.00
- Retaining the current rates for utilities given reduced prices in the energy market for gas and electricity
- A rebasing of the weekly fee rate calculations aligned to supplies and services
- Using January 2024 CPI of 4% to align to increases of other non-pay headings

The table below illustrates a breakdown of the proposed increases:

Service Type	Per Week			Proposed Rates 24/25 (£)
	Current Rates 23/24 (£)	Uplift (£)	Uplift (%)	
Standard Residential	668	52	7.8	720
Residential EMI	782	62	8.0	844
Standard Nursing	805	66	8.2	871
Nursing EMI	822	66	8.0	888

*No ensuite - £14 reduction, if also a shared room £64 reduction.

**In addition to the rates above Nursing Care providers also receive Funded Nursing Care (FNC), the current standard 2023/24 weekly rate is £219.71. Rates for 2024/25 are still to be confirmed by Department of Health and Social Care. The Council will further engage with Nursing Care providers once the FNC rate has been announced.

5.7 Enhanced Rate beds

Enhanced rate beds are beds commissioned above the Council's' ceiling rate prices.

The Council is proposing an uplift to all enhanced rate beds of 7%.

This gives consideration for the financial impacts described in Section 5 of this report, but also recognises that the current commissioned weekly bed prices for these beds are above the Councils ceiling rate.

5.8 The indicative recurrent investment made by the Council to achieve these uplifts is **£2.669m.**

6. Homecare

6.1 Engagement has also taken place with homecare providers as part of fee setting discussions. Providers have highlighted a number of impacts on their business including:

- Rates of pay aligned to Real Living Wage to stabilise recruitment and retention
- Impact of international recruitment reducing usage of agency workers

6.2 All homecare providers are now paid at the Council's ethical framework rate. The Council recognises the inflationary impact on providers alongside the need to ensure local market sustainability and quality of care provided to individuals.

6.3 Homecare providers need to ensure they can deliver and demonstrate financial efficiencies within their cost base from both a staffing and a non-pay perspective, giving consideration to procurement of good and services.

6.4 Giving consideration to the above **the Council is therefore proposing an uplift of 8.9%.**

The table below illustrates a breakdown of the proposed hourly rate increase:

Service Type	Per Hour			Proposed Rate 24/25 (£)
	Current Rate 23/24 (£)	Uplift (£)	Uplift (%)	
Homecare Ethical Rate	21.12	1.88	8.9	23.00

The indicative recurrent investment made by the Council to achieve this uplift is **£1.636m**

7. Other Care Management Services

7.1 Services include: Learning Disabilities and Physical Disabilities Residential and Nursing Care, Individual Service Funds, Day Services, Learning Disabilities Outsourced Tenancies, Mental Health Residential and Nursing Care and Non-Residential Care services and Extra Care Housing, Direct Payments (Council commissioned services).

7.2 A blended approach has been applied as a partial basis for fee setting based on the proportionate contract rates aligned to pay and non-pay elements of service contracts.

7.3 This took into consideration the increase to RLW and current CPI rates.

7.4 Care providers need to ensure that they are continually reviewing their cost models for a diverse range of services and that efficiencies can be identified and demonstrated as part of the review and uplift of fees.

7.5 **Taking these factors into consideration the blended percentage increase based on pay and non-pay considerations is 8.3%.**

7.6 Personal Assistant (PA) rates

7.7 As highlighted in section 3.4 of this report, RLW has increased from £10.90 to £12.00. The Council is therefore proposing an **uplift to minimum PA rates of 9.9%**. This is predominantly based on the increase to Real Living Wage.

The table below illustrates a breakdown of the proposed hourly rate increase:

Service Type	Per Hour			Proposed Rate 24/25 (£)
	Current Rate 23/24 (£)	Uplift (£)	Uplift (%)	
Personal Assistant Rate	14.08	1.39	9.9	15.47

7.8 The indicative recurrent investment made by the Council to achieve the uplift to other care management services, including PA uplifts, is **£5.294m**

8. Summary of Proposed Uplifts

8.1 A summary of the indicative investment by the Council into externally commissioned care management services and other contracts is illustrated in the table below. This uses RLW as the basis for the cost of care modelling for all care settings.

Service	Investment (£m)
Residential & Nursing Care	2.669
Homecare	1.636
Other Care Management Services and contracts including PA Rates	5.294
Total	9.599

8.2 The Council proposing to invest over £9.5m into Adult Social Care externally commissioned services for 2024/25 highlights its intention to continue to support the local Adult Social Care sector, with a continued focus on market sustainability and quality provision that represents value for money.

This is in the context of a very challenging financial environment for Local Authorities, where the Council has planned to deliver a £5.4m transformation programme / change proposals, commencing from 2024/25 to support the budget setting position. This includes £3.1m of change proposals specifically aligned to Adult Social Care. There is also uncertainty with regards longer-term sources of funding from some of the specific grants in Adult Social Care.

9 Legal Considerations

9.1 Section 5 (1) of the Care Act (2014) places a duty on the Council to promote a diverse and high-quality market of care and support services (including prevention services) for people in their local area. In particular, the Council must act with a

view to ensuring that there is a sufficient overall pool of efficient providers and a range of different services and providers to ensure that people are able to choose between a range of providers when care is required in a residential setting.

- 9.2 Section 5 (2) of the Care Act (2014) lists certain factors the LA must consider when exercising its duty. These include: the importance of ensuring the sustainability of the market and supporting continuous improvement in the quality of services; making available information about the services available to people in its area; the current and future demand for services in its area, and how this demand can be met by providers; the importance of carers and service users being able to undertake work, education and training; and the importance of fostering a suitable workforce.
- 9.3 Section 5 (3) of the Care Act (2014) requires the Council, when considering current and future local demand and how this might be met by providers, to consider the need for there to be sufficient services to meet the needs of people in their area. Local authorities should understand the business environment of the providers offering services in their area and seek to work with providers facing challenges and understand their risks.
- 9.4 Section 5 (4) of the Care Act (2014) requires the Council to consider, when making decisions about commissioning services, the importance of promoting the well-being of people with care and support needs and carers. Section 5 (5) of the Care Act (2014) requires the council to have regard to the duty when either providing or arranging services to meet the care and support needs of adults with care needs and carers. Alongside this, the Council has a critical role in local market shaping to encourage quality, choice and sufficiency of provision.
- 9.5 The accompanying guidance to the Care Act (2014), statutory guidance which the council must have regard to, states the Council should have evidence that the fee levels they pay for care and support services enable the delivery of agreed care packages and support a sustainable market. When commissioning services, local authorities should assure themselves and have evidence that contract terms, conditions and fee levels for care and support services are appropriate to provide the delivery of the agreed care packages with agreed quality of care. This should support and promote the wellbeing of people who receive care and support and allow for the service provider ability to meet statutory obligations to pay at least the national minimum wage and provide effective training and development of staff. It should also allow retention of staff commensurate with delivering services to the agreed quality and encourage innovation and improvement.

10. Human Resources Impact

- 10.1 The feedback from social care providers highlighted a significant challenge in recruiting and retaining staff. The difficulties that providers are experiencing have an impact on the Council delivering on the market shaping duties under the Care Act (2014). Managing and mitigating these risks will require additional ongoing support and intervention from the Council; for example, further integrated health and social care recruitment fayres and leadership development courses for external social care providers.

11. Equalities Impact

11.1 No negative impacts have been identified which arise from the proposals contained in this report. A combination of positive and neutral impacts have been identified. The positive impacts relate to enabling providers to maintain payment of the Real Living Wage and therefore being able to retain a more stable workforce, benefiting residents, and staff who are able to earn higher salaries. In addition, a more stable market benefits both staff and residents as the risk of service closure from financial causes is reduced. Women would be key beneficiaries of the identified positive impacts as they make up the majority of the workforce and the majority of care home residents.

12. Environmental Impact

12.1 By ensuring a range of good quality local provision in Stockport, local residents are enabled to remain living in their local area. Travel and associated fuel costs and usage for families are reduced along with related fuel emissions for friends and families visiting people living in care homes.

13. Risks

13.1 The key risks arising from the proposed 2024/25 provider uplifts are:

- The provider market does not respond positively to the proposed increases and other interventions resulting in the value and number of enhancements increasing;
- People stay in care homes for a longer period than the Council's forecasts, resulting in the timescales and costs being greater than anticipated;
- Individual discussions and negotiations with providers are unsuccessful and cost reductions are not experienced when clients exit services and new placements are made;
- The level of fee uplift does not support the anticipated level of development and maintenance of quality across the provider sector;
- Providers do not pass onto their employees the Real Living Wage pay;

13.2 The risks highlighted above will continue to be mitigated through ongoing negotiations with providers through individual meetings and engagement through care home forums alongside health colleagues from the local Integrated Care Board. The monitoring of the approach is through regular review of business intelligence information. The commissioning team, alongside local Integrated Care Board and Greater Manchester ICS colleagues, will continue to analyse, support

and develop the provider market, seeking to drive improvement in terms of quality alongside maintaining value for money in provision across Stockport.

14. Conclusion

- 14.1 Under the Care Act (2014), Local Authorities have responsibility for facilitating the local care market and managing provider failure. The local care market needs to provide choice, supply and quality services for all people in the Borough and specifically the Council needs to be able to commission care and support services including care homes and home care. The market remains fragile and the Council's overall aim is to enable these services to develop in a way that does not destabilise the market but still supports providers to evolve and develop, reinforced by contracting and procurement activities.
- 14.2 As previously noted, the Council's approach taken in 2019/20 was markedly different to previous years and went towards redressing imbalances between those providers that have a closer fee structure to that of the Councils. This year's proposal is intended to support and further promote local market sustainability and achieve a stable, sustainable future as we look towards the delayed implementation of the financial social care reforms, noting that clarity on the reforms is unlikely before the upcoming General Election and subsequent Government Department Spending Review.
- 14.3 In 2024/25 the Council continues to drive our ambition for sustainable high-quality services, which have Real Living Wage (RLW) as a basis for cost of care modelling. The additional investment proposals seek to promote sustainability in the adult social care market.

15. Recommendations

- 15.1 Cabinet are asked to endorse and agree the approach set out in this paper and recommend the approval of the proposed uplift at the meeting on 12 March 2024.

BACKGROUND PAPERS

There are none

Anyone wishing to inspect the above background papers or requiring further information should contact Jon Wilkie on Tel: 07970 318461 or by email; Jon.Wilkie@stockport.gov.uk