

## TRAFFORD COUNCIL

**Report to:** Executive  
**Date:** 26<sup>th</sup> October 2020  
**Report for:** Decision  
**Report of:** Executive Member for Adult Social Care

### Report Title

Fair Price for Care: Homecare 2021- 22

### Summary

Every year the Council sets a Fair Price for Care which determines the hourly rate for homecare for the following financial year.

This report makes recommendations regarding the annual uplift to the hourly rate paid to commissioned homecare framework providers in Trafford for the 2021-22 financial year.

The recommendation regarding inflationary uplifts are in two parts – one refers exclusively to the framework homecare providers and reflects the transformation work and does not include non-framework providers, supported living providers or direct payment packages. The second part reflects the inflationary uplift, and the additional burdens as a result of the National Living Wage/wage increases and the RPI.

The recommendations reflect the Council's commitment to the Ethical Care Charter, the desire to invest in services which are crucial to our Living Well at Home transformation and the proposed changes to the way we commission care at home services for Trafford residents and also references the cost savings which have been achieved to date through the homecare transformation programme. In the absence of an announced uplift in the NLW, we are offering an increase of 2% for people on the National Living Wage together with an element for RPI. In August the RPI was 0.5% and we usually use the October rate as a benchmark

Further consultation with providers is required on the increase in the homecare rate and the new model of service delivery before a final proposal can be presented for formal approval.

### Recommendation(s)

That the Executive approves the following for consultation, and further consideration in the light of consultation :

- A 5.69% uplift on the existing business as usual homecare rate of £15.99 to reach an hourly rate of £16.90, including RPI
- A further uplift to enable providers to achieve an uplift on the National Living Wage ("NLW") (either 2% or an uplift which reflects the NLW, dependent on which is the higher rate).

Contact person for access to background papers and further information:

Name: Karen Ahmed  
Extension: 1890

Background Papers: None

**Implications:**

<p>Relationship to Policy Framework/Corporate Priorities</p>	<p><b>Low Council Tax and Value for Money Economic Growth and Development:</b> The homecare annual uplift will contribute to improved workforce pay, conditions and retention, to stabilize the homecare market, supporting growth for local providers and improved skills for local people.</p> <p>Furthermore it will enable us to continue to reduce expenditure on non-framework homecare packages in order to achieve cost savings</p> <p><b>Services focused on the most vulnerable people:</b> Homecare is a targeted service provided to the most vulnerable people, following a social care assessment and is a key component in our response to COVID19</p> <p><b>Trafford Together Plan:</b> we are working towards an integrated commissioning system for homecare between the Council and Trafford Clinical Commissioning Group, who both commission homecare. This has been delayed due to COVID but our homecare provision is a key component in terms of our integrated efforts to support people to leave hospital and bed based care safely and quickly</p>
<p>Relationship to GM Policy or Strategy Framework</p>	<p><b>Greater Manchester Population Health Plan 2017-2021:</b> Age Well Priority: More people will be supported to live at home for as long as possible and we will manage COVID infection rates through the provision of safe care at home services</p> <p><b>Greater Manchester Health and Care Board Urgent and Emergency Care Improvement and Transformation Plan:</b> Homecare is integral to priorities around reducing delayed hospital discharges and urgent/unplanned care and our community response to COVID</p> <p><b>Greater Manchester Live Well at Home Strategy:</b> This proposal is aligned with GM priorities to improve homecare and supports us to continue to transform homecare, in line with our allocation of GM Transformation monies</p> <p><b>Commissioning Strategy and Market Position Principles:</b> Our vision for the market and our commitment to coproduction is articulated in "Trafford Together," our locality plan. This is a</p>

	<p>jointly agreed document which sets out the system wide changes we need to make to achieve our ambition over the next 5 years. This plan will be consulted upon during the year of engagement. The plan states that “In Trafford under the banner of the ‘Living Well at Home Programme’ we will integrate service provision to ensure better outcomes for Trafford residents and the ‘system’ in which we operate. We will adopt the principles of the locality plan by delivering person centred care that preserves independence by supporting more people to remain at home.</p>
<p>Financial</p>	<p>The proposed uplift on the business as usual homecare rate of £0.91p and a further uplift which reflects the NLW or 2%, dependent on which is the higher rate will be met by both transformation funding and within the overall allocation for inflation and demography in the Medium Term financial plan (MTFP) that has been allocated to the Adult Social Care Budget for 2021/22.)</p>
<p>Legal Implications:</p>	<p>The legislative requirements are detailed in the report.</p>
<p>Equality/Diversity Implications</p>	<p>Decision-makers are under a legal duty to have due regard to the need to eliminate discrimination against home care recipients (as well as providers/staff), promote equality of opportunity between such persons and others and foster good relations between such persons and others.</p> <p>Therefore, it is important to take care that all the new rates are adequate to promote a diverse and high quality homecare market, in particular because of the risk that otherwise there could be an adverse impact on the welfare of vulnerable residents and/or staff and their ability to enjoy a quality of life comparable with those less vulnerable.</p> <p>Vulnerable residents include in particular the elderly, women and disabled persons. Staff are largely female and older persons, in particular females.</p> <p>Decision-makers need to be satisfied that the proposed rate is adequate for the welfare of residents and staff. Older women are disproportionately represented in social care because they live longer. In addition, poorer residents will be the key recipients of funded adults social care, as they often acquire long term conditions and illnesses earlier that necessitate social care and they do not have the resources to fund their own care. The increase in rates will ensure that these groups of people are able to</p>

	<p>access services which meet their needs.</p> <p>A fuller report on equality/diversity implications will be submitted together with the results of consultation</p>
Sustainability Implications	Not applicable.
Resource Implications e.g. Staffing / ICT / Assets	Not applicable.
Risk Management Implications	Not applicable
Health & Wellbeing Implications	<p>The recommendations outlined in this report will have a positive impact on the health and wellbeing of local residents in the following ways:</p> <ul style="list-style-type: none"> <li>• Local homecare workforce will experience improved pay and conditions which will improve their health and wellbeing and have a positive impact on workforce retention rate in homecare locally</li> <li>• Improved workforce retention will support market stability so that we can meet demand for care at home services and support the most vulnerable people to live well at home for as long as possible</li> <li>• People in receipt of homecare will experience improve quality of care by <ul style="list-style-type: none"> <li>○ ensuring adequate time for visits so that carers can do their job properly</li> <li>○ providing statutory sick pay for workers so that they don't have to work with vulnerable residents when they are ill</li> <li>○ improving access to training so carers can do their job well</li> <li>○ improving local staff retention through improved pay and conditions leading to better continuity of care</li> </ul> </li> </ul>
Health and Safety Implications	Not applicable

## 1.0 Background

### Annual Uplift for Homecare

- 1.1 The Council has engaged annually with the market to agree a “Fair Price for Care”.
- 1.2 The Transformation Programme changed the methodology that Trafford Council applied to the annual uplift, as we co-produced new models of homecare with our providers to develop a model of working with people in their own homes enabling faster discharges and supporting people to become more independent. This resulted in having a two tier pricing structure last year as a step on the way to equalising the rates. The uplift combined the transformation aspiration together with the pressures from the RPI and the NLW.
- 1.3 This year we are in a very different position because of the financial impact of COVID. Instead, of an Autumn Budget, the Chancellor announced a Winter Economy Plan (announced on the 24 September 2020) focused on supporting the wider workforce where people were financially disadvantaged because of COVID. No mention was made of the NLW. The Low Pay Unit have recommended a minimum of 15p increase an hour.
- 1.4 The Council have decided to offer an increase of 2% which equates to 18p per hour for those on the NLW. This demonstrates the Council’s commitment to the Ethical Care Charter. Providers will be expected to pass this increase directly on to their staff. Should an announcement be made on the NLW which is higher than the 2% proposed then this would be offered to providers by the Council.

### Homecare Transformation

- 1.5 The proposed uplift also reflects our original ambitions for homecare transformation and will ensure we can continue to achieve cost savings for adult social care. The Homecare Transformation Programme commenced on 2<sup>nd</sup> December 2019 and was due to run until 31<sup>st</sup> March 2021. The programme has been partially funded through GM transformation monies, with the aim of stabilising the homecare market by improving pay and conditions for homecare workforce and by redesigning the way we commission and deliver care at home services.
- 1.6 Covid has impacted on the programme, with some projects continuing to run, some being temporarily funded through NHS Covid Discharge funding and some being terminated. But Covid has also necessitated new ways of working and has expedited many of our plans to develop a more integrated care at home offer for Trafford residents
- 1.7 As a result we have been able to achieve some of the original cost savings associated with the programme. This includes:
  - Savings in excess of £300,000 since December 2019, by reducing the need to commission non-framework homecare packages
  - Savings in excess of £20,000 since 1<sup>st</sup> April 2020 by reducing the number of reablement packages which last for more than 21 days

- We have also continued to decrease the number of residential and nursing beds commissioned, as we have supported more people to remain in their own homes for longer.

Let's Talk Homecare is one of the transformation projects which has continued throughout our response to Covid and has been instrumental in achieving the savings described above. Let's Talk Homecare attracted an enhanced rate for homecare to support new ways of working.

- 1.8 When we launched the Let's Talk Homecare pilot, we committed to retender the homecare framework and have a new framework in place by 1<sup>st</sup> April 2021. Our hope for the new framework, should the Homecare transformation Programme achieve the agreed cost benefits, was to:
- Enhance the business as usual/framework homecare rate
  - Apply an uplift on the Let's Talk rate, in line with our usual Fair Price for Care processes
- 1.9 The financial incentive was in recognition of the desire to invest more in homecare and a recognition of the wider positive impact of this on Trafford residents and the homecare workforce, which in turn impacts our ability to create a stable market to better manage our investment in homecare.

### **Responding to the pandemic**

- 1.10 In March 2020, Trafford Council significantly reconfigured the homecare offer to respond to the pandemic. The new service offer includes:
- 1.1..1 Rapid Homecare to support same day hospital discharge and same day support to avoid a hospital admission
  - 1.1..2 Stabilise and Make Safe Reablement supporting people to return home from bed based discharge to assess and intermediate care
  - 1.1..3 Long term homecare
  - 1.1..4 British Red Cross providing a service to support hospital discharge, reduce social isolation during the pandemic and ensure people attend planned medical appointments to maintain their health and wellbeing, and avoid the need for statutory care
- 1.11 Our homecare market has been integral to our response to the pandemic. Providers have demonstrated considerable resilience and flexibility, providing regular examples on how their services had supported to change peoples' lives under very difficult circumstances.
- 1.12 At a time when the public were losing confidence in the residential and nursing care market, our homecare providers were able to step up and offer care to people with more complex care needs. In addition, the care market became more attractive to people as the retail and hospitality sector began to shrink, and it became easier to recruit and retain staff.
- 1.13 Homecare providers have additional expenses as a result of Covid (largely around infection control measures). A stable homecare workforce/market is central to our ability to cope with repeated peaks in terms of Covid 19 and to meet the responsibilities outlined in the Coronavirus Act 2020.

### Current Financial position

- 1.14 With the onset of COVID, the Council and the CCG now find themselves in a position of recovery and reform, seeking to embed the lessons learnt during COVID, and working with our providers and partners across the health and social care system to design a new model.
- 1.15 We are therefore proposing to apply an uplift on the business as usual homecare rate of £0.91p including an element for RPI and a further uplift which reflects the NLW or 2%, dependent on which is the higher. This will be funded by both transformation funding and the overall allocation for inflation and demography in the Medium Term financial plan (MTFP) that has been allocated to the Adult Social Care Budget for 2021/2.
- 1.16 This excludes supported living providers and non-framework providers, on the basis that the cost benefits we have achieved apply only to our homecare framework providers and we cannot evidence that the uplift would achieve the same savings in other areas.
- 1.17 The uplift for supported living providers and non-framework providers will be based on the National Living Wage and the RPI as usual. In the absence of an announcement regarding the NLW, the Council proposes to offer a minimum uplift of 18p. an hour for those on the NLW or 2%. This will be adjusted if an announcement is made regarding a higher increase in the NLW.
- 1.18 The RPI offer is usually based on October's rate. August's rate was 0.5%.
- 1.19 Our recommendation reflects the Council's commitment to embedding the Ethical Care Charter in the homecare workforce and acknowledges the significant cost savings which have been achieved through the Homecare Transformation programme.
- 1.20 The proposed uplift will apply to packages of homecare which are commissioned by Trafford Council and either partly or wholly funded by the individual, meaning that those residents will also incur an increase in the cost of their care, if they are able to afford it.
- 1.21 Our proposal also acknowledges the costs of delivering and is founded in the following cost model:

<b>Description of costs</b>	<b>Cost of activity</b>	<b>% of hourly rate</b>
National minimum wage	£8.72*	52%
Travel time	£1.00	6%
Carer travel costs through neighbourhood model	£1.03	6%
Sick pay	£1.16	7%
NI and pension contributions	£0.37	2%



Running costs, including management time, training, office space, etc.	£4.12	24%
Profit/surplus	£0.50	3%
Proposed hourly rate	£16.90	100%

\*an increase in the national living wage will impact on this figure

1.22 The proposed pricing model for homecare is lower than the UK Homecare Association recommended rates but acknowledges further efficiencies which will be achieved by reconfiguring the homecare framework from 1<sup>st</sup> April 2021. Efficiencies will be achieved as follows:

- Retendering of the homecare and reablement at home framework in Trafford to establish a new framework by 1<sup>st</sup> April 2021.
- Within the new framework we will establish a neighbourhood model, with a lead provider in each locality/neighbourhood/postcode and a second, third and 4<sup>th</sup> framework provider in each locality to ensure capacity
- Each lead provider will ensure the provision of the following services:
  - Rapid Homecare offer (final detail to be agreed) to support people who are in crisis to avoid a hospital or residential admission and to offer short term care to support hospital discharge
  - Reablement at Home offer to support step down from discharge to assess and from rapid homecare
  - Long term homecare

1.23 The provision of a neighbourhood model will reduce travel time and travel costs for the workforce, allowing more of the hourly rate to be used for care. The provision of a range of step up/step down and long term care in each locality will help to avoid expensive bed based care. The neighbourhood model supports better workforce and capacity planning for providers, allowing them to manage capacity and recruit carers on improved pay and conditions because they are guaranteed to pick up packages of care in their locality. This in turn will ensure that we can meet demand through our commissioned providers without needing to resort to expensive, off framework care provision. In addition, the neighbourhood model supports the Let's Talk approach because it allows providers to develop links with other support services and to encourage the cared for to access other types of help, reducing their reliance on paid care and improving social inclusion.

## 2.0 Legislative Provisions

2.1 s5 (1) of the Care Act 2014 ("CA 2014") places a duty on local authorities to promote a diverse and high quality market of care and support services (including prevention services) for people in their local area. In particular, local authorities must act with a view to ensuring that there is a range of different services and providers to choose from. The Council must, under s5 (2) CA 2014, consider a number of factors when exercising this duty including 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 whose members are able to ensure the delivery of high quality services because, they have relevant skills and appropriate working conditions.

- 2.2 Statutory guidance, guidance which the Council must have regard to in discharging its functions under s78 CA 2014, stresses the importance of the Council encouraging “a workforce that underpins the market” and encouraging training and development. When the Local Authority is commissioning services it must assure itself the fee levels do not compromise the homecare providers’ ability to:
- meet the statutory obligations to pay the minimum wages; and
  - provide effective training and development of staff; and
  - pay remuneration that is least sufficient to comply with the national minimum wage legislation for hourly pay or equivalent salary. This will include appropriate remuneration for any time spent travelling between appointments
- 2.3 Local authorities must facilitate markets that offer a diverse range of high-quality and appropriate services. In doing so, they must have regard to ensuring the continuous improvement of those services and encouraging a workforce which effectively underpins the market through:
- standards
  - skills
  - qualifications and apprenticeships
- 2.4 It is recognised that the quality of services provided and the workforce providing them can have a significant effect on the wellbeing of people receiving care and support, and that of carers, and it is important to establish agreed understandable and clear criteria for quality and to ensure they are met.
- 2.5 When commissioning services, local authorities should assure themselves and have evidence that service providers deliver services through staff remunerated so as to retain an effective workforce. Remuneration must be at least sufficient to comply with the national minimum wage legislation for hourly pay or equivalent salary. This will include appropriate remuneration for any time spent travelling between appointments.

### 3.0 Recommendation

- 3.1 The proposals detailed in this report are the the Council’s preferred proposals and not its final decision. The Council is required to consult with the market on the proposals outlined in this report before a final decision can be made. A final decision will be taken in the light of a careful consideration of responses to consultation and a detailed consideration of equalities implications, in the light of the consultation.
- 3.2 Officers are proposing to offer an uplift of £0.91 (5.69%) and a further uplift which reflects the NLW or 2% salary increase, dependent on which is the higher for the financial year 2021-2022.
- 3.3 The Homecare Transformation programme has achieved significant cost benefits for the Council, in part through payment of an enhanced hourly rate for homecare, which may be lost if we cannot continue to fund homecare appropriately. The proposed uplift also acknowledges the additional financial costs which Trafford Council may incur, by not applying a reasonable uplift, namely:
- The need to broker packages of care via non-framework providers, at an enhanced rate, during times of peak demand (***in excess of £200k savings against this item***)
  - Lack of capacity for long term care, following a reablement package, leading to over-reliance on rapid homecare and reablement at home packages, which are

commissioned at an enhanced rate (***Homecare Transformation Programme has achieved in excess of £20,000 of savings through reduction in SAMS over 21days***)

- 3.4 There will be an element of rapid discharge and step up homecare service which will be commissioned on an enhanced rate in order to enable the providers to respond within the timescales.
- 3.5 The situation is unclear regarding the NLW, as the Winter Emergency Plan replaced the Autumn Budget. The Low Pay Unit have recommended an increase of 15 p per hour. This uplift is higher than this , reflecting the Council’s commitment to the Ethical Care Charter for homecare providers
- 3.6 These calculations are within the available budget and reflect the Council’s commitment to the Ethical Care Charter

**4.0 Proposal Summary**

- 4.1 The proposed uplift allows us to offer a sustainable rate to our providers to deliver a co-produced service which enables us to embed a neighbourhood and lead provider model. Furthermore, it provides a sound rationale which acknowledges the actual costs incurred by homecare providers in the delivery of their services.
- 4.2 The final model will be based on co-production with the market to ascertain what they are able to deliver within the revised parameters of the hourly rate.
- 4.3 In the opinion of officers, subject to consideration of consultation responses and further consideration of equalities issues, but having already engaged to a considerable extent with local providers, approval of the proposed option will enable providers to meet the requirements of additional inflationary pressures, whilst still remaining within the approved budget.

**5.0 Other Options**

5.1 The main alternative options available to the Council are as follows:

Option	Advantages	Disadvantages
Do not apply an annual uplift	No additional cost to ASC homecare budget No additional procurement resource for contract variation	<ul style="list-style-type: none"> <li>• Providers may experience difficulties in paying their staff the required minimum wage, should a national uplift be applied</li> <li>• Without a financial uplift which takes into account inflation, the market will be destabilised and people may go without care due to lack of capacity as providers withdraw from framework</li> <li>• Staff turnover will potentially increase</li> <li>• Local providers will lose workforce to neighbouring local</li> </ul>

		<p>authorities</p> <ul style="list-style-type: none"> <li>We may incur additional costs as a result of market instability</li> </ul>
Apply a lower uplift	Reduced cost to ASC homecare budget	<ul style="list-style-type: none"> <li>If we don't apply an uplift which takes into account inflation, the market will destabilise and all of the above disadvantages will apply</li> </ul>
Apply a higher uplift	Potential for increased market and workforce stability	<ul style="list-style-type: none"> <li>Increased cost to ASC budget which may not be sustainable</li> <li>Increasing funding does not necessarily increase quality.</li> </ul>

## 6.0 Consultation

6.1 The Council is planning to consult with the public around the model for the future prior to procurement and the hourly rate will form an important part of this prior to the determination of a final proposal.

## 7.0 Reasons for Recommendation

7.1 The Council is required to consult with the public on the proposals detailed in this report before a final model can be proposed for formal approval.

**Key Decision** (as defined in the Constitution): No

**If Key Decision, has 28-day notice been given?** Not applicable

Finance Officer Clearance N.Bishop

Legal Officer Clearance D Sykes

**CORPORATE DIRECTOR'S SIGNATURE** (electronic)

To confirm that the Financial and Legal Implications have been considered and the Executive Member has cleared the report.

