

TRAFFORD COUNCIL

Report to: Executive
Date: 18 March 2024
Report for: Decision
Report of: The Executive Member for Health and Care

Report Title

Fair Price for Care

Summary

Every year the Council sets a Fair Price for Care which determines the bed rate for residential and nursing care and the hourly rate for home care for the following financial year. The Council has consulted with these providers, together with the providers of supported living, day care and residential care for people with learning disabilities, autism and/or mental health needs on the uplift for 2024/5.

This report summarises the consultation responses, recommends inflationary uplifts for 2024/5 and details the rationale for making these recommendations.

Recommendation(s)

It is recommended that the Executive:

- (1) Considers the responses to, and outcome of, the consultation.
- (2) Approves the trialling of a three-month period for the submission of inflationary uplifts outside of the normal uplift process.
- (3) Approves implementation of the following fee rates from 1 April 2024:
 - (a) Home care: 7.47% increase
£19.66 to £21.13 per hour
 - (b) Residential and Nursing Care (including Learning Disability and Mental Health provision): 4.92% increase
 - Residential – £657.90 to £690.27 per week
 - Nursing – £735.43 to £771.61 per week
- (4) Supported Living Rate: 7.47% increase
There is no standard rate for Supported Living so rates will vary.
- (5) Day Services: 5.81% increase
There is no standard rate for Day Services so rates will vary.

(6) Confirm that in approving the above, it has taken into consideration the Council's Public Sector Equality duty.

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>One of the Council's corporate priorities is supporting people out of poverty. The Council is committed to paying the Real Living Wage (RLW) through all its commissioned services. The financial position following the Provisional Local Government Financial settlement from the 18 December 2023 means that this may need to be reviewed for the financial year 2024/5.</p> <p>The Council is accredited to the Living Wage Foundation and Council staff are all paid at least the Real Living Wage. It is important to note that this policy impacts on the independent sector only as it relates to the level of fee uplifts awarded in 2024/5 and not Council staff salaries.</p>
<p>Financial implications</p>	<p>The revenue budget agreed by Council on the 21 February 2024 included budgetary provision for provider uplifts based on the following methodology.</p> <p>The estimated cost of the proposed uplifts in fee rates for 2024/25 were calculated by reviewing the cost base of providers then applying appropriate inflationary factors to the different components of that cost base. The forecast average Consumer Price Index (CPI) of 3.1% was applied to non-staffing related costs. In respect of pay costs the Real Living Wage (RLW) increase was used for some providers (10.1% for 2024/25), including home care. For other providers an uplift was used (equivalent to 7.4%) which would allow at least National Living Wage (NLW) levels to be maintained.</p> <p>This calculation was the basis for the latest consultation with providers and provided for the following average uplifts: -</p> <ul style="list-style-type: none"> Day Care – 5.81% Home care - 7.47% Residential & Nursing Beds - 4.92% Supported Living – 5.81% <p>The estimated cost of the uplifts was £5.45m in 2024/25.</p> <p>Following the outcome of consultation, it is proposed to amend the increase to be provided to Supported Living providers to include an increase on the pay component of their costs equivalent to the increase in the RLW. This will mean overall rates are increased by 7.47%.</p> <p>The additional cost of this is estimated to be £336k. This creates a recurrent budget pressure from 2024/25 for which additional transformational savings will need to be found from within the Adult Social Care budget. It is imperative that robust savings are identified to avoid any further call on Council reserves in 2024/25 and an</p>

	increase to the budget gap in 2025/26 which already stands at £15.4m. The development and delivery of these new savings will be monitored through the Finance and Change Board and reported to the Executive as part of the budget monitoring process.
Legal Implications	The legal framework and considerations are detailed within the body of this report, and legal advice has been provided throughout the process.
Equality/Diversity Implications	Decision-makers are under a legal duty to have due regard to the need to eliminate discrimination against people in recipient of care and support (as well as providers/staff), promote equality of opportunity between such persons and others and foster good relations between such persons and others. Therefore, it is important to take care that all the new rates are adequate to promote a diverse and high-quality care market.
Sustainability Implications	Not applicable.
Resource Implications e.g. Staffing / ICT / Assets	Not applicable.
Risk Management Implications	The key risks for Trafford are around maintaining a sustainable care market within a nationally very fragile social care market. The proposals within the report will contribute towards the management of risks caused by an unstable market, in particular risks related to recruitment and retention. The Council will implement a review process to enable any unforeseen financial risks to be managed.
Health & Wellbeing Implications	The inflationary uplift will have a positive impact on the staff, residents and tenants of our commissioned providers as they will be in a better financial position.
Health and Safety Implications	Not applicable.

1.0 Background

- 1.1 Every year the Council undertakes an exercise called the Fair Price for Care, which essentially informs the Council's pricing approach for the forthcoming financial year. The Council is required by law to consult with providers on this process.
- 1.2 The Council's focus over the last two years has been on maintaining progress towards the Real Living Wage and it is extremely positive that the majority of providers already pay their staff the Real Living Wage. It was the intention of the Council to continue to support this position for the financial year 2024/5 in line with its accreditation with the Living Wage Foundation to pay the Real Living Wage by 2025 and the Council's commitment to the Ethical Care Charter. The Council initially went out to consult on a proposal based upon this intention.
- 1.3 The Provisional Local Government Financial Settlement (LGFS) was published on the 18 December 2023, and the Final LGFS was announced on the 5 February 2024, with the Government also announcing additional measures for local authorities on 24 January 2024. The level of funding was lower than anticipated by the Council, requiring the original consultation proposals to be reviewed.

2.0 Legislative Provisions

- 2.1 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 its 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.
- 2.2 Section 5(2) lists certain factors that the Council 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.
- 2.3 Section 5(3) 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.
- 2.4 Section 5(4) 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) 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.
- 2.5 The Care Act accompanying guidance obliges the Council to have evidence that the fee levels it pays for care and support services enable the delivery of agreed care packages and support a sustainable market. When commissioning services, the Council should assure itself 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's 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.
- 2.6 The Council continues to work with its colleagues and providers to understand the local adult social care market and the key challenges it faces, which informs and develops ways in which the Council supports its providers.

3. Public Sector Equality Duty and Equality Impact Assessment

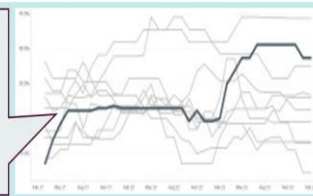
- 3.1 The Equality Act 2010 requires public authorities to have regard to the Public Sector Equality Duty in making any decision. The Public Sector Equality Duty requires the Council to consciously consider how its policies and decisions affect people who share the protected characteristics set out in the legislation. The Council must have

due regard to the need to eliminate unlawful discrimination, advance equality of opportunity between people who share protected characteristics and those who don't and foster or encourage good relations between people who share protected characteristics and those who do not.

- 3.2 In consideration of the Public Sector Equality Duty the Council has completed Equality Impact Assessments, which identify a combination of positive, potential negative and neutral impacts. The positive impacts relate to the proposals maintaining the rebased bed and home care hourly rates, enabling those providers to maintain the RLW and therefore being able to retain a more stable workforce. This will be of benefit to residents, and staff who are able to command a higher salary. In addition, a more stable market benefits both staff and residents as the risk of service failure from financial causes is mitigated.
- 3.3 The potential negative impact identified is the possibility of providers not being able to maintain the RLW, which may impact on staff recruitment and retention and overall service stability. This would disproportionately impact on women as they are the major providers, and recipients, of care. The Council will mitigate this risk by continuing to monitor the market based on identified risk factors to enable a targeted risk management approach.
- 3.4 Women would be one of the key beneficiaries of the identified positive impacts as they make up the majority of the workforce and the majority of recipients of care overall.
- 3.5 Another key beneficiary will be disabled people and those with age-related frailty. The combination of uplifts and the monitoring of the market will stabilise those services most at risk, ensuring that our service users benefit from consistency of provider and staff and enable the early mitigation of any risks.
- 4.0 **Trafford's Adult Social Care Market and Market Position Statements**
- 4.1 The Council has a duty to promote the efficient and effective operation of the market in ensuring that there are services to meet care and support needs and ensure that there are a variety of high-quality services to choose from. Trafford Council can demonstrate that this is the case through the outcome of CQC inspections and the quality ratings of our local providers:

CARE HOME QUALITY IN TRAFFORD

TRAFFORD quality trajectory 2021 - 2023
(compared to GM)



All Home Care CQC Ratings	TRAFFORD Oct-20	TRAFFORD Oct-23	Trajectory	Northwest Average Oct-23	National Average Oct-23
Outstanding	1 (2.4%)	5 (9.3%)	↑	4.7%	4.4%
Good	31 (73.8%)	44 (81.5%)	↑↑	85.8%	80.9%
Requires Improvement	10 (23.8%)	5 (9.3%)	↓↓	8.8%	13.9%
Inadequate	0	0	↔	0.6%	0.7%
Total	42	54			

Exceptions

- Number of provider organisations increased by 23% (12)
- The number of 'good' and 'outstanding' rated providers have increased by 13 and four, respectively. The number of 'requires improvement' providers has halved
- There have been consistently no 'inadequate' providers working in Trafford

Care Homes in Trafford	2020				2021				2022				2023			
	Outstanding	Good	Requires improvement	Inadequate	Outstanding	Good	Requires improvement	Inadequate	Outstanding	Good	Requires improvement	Inadequate	Outstanding	Good	Requires improvement	Inadequate
All Care Homes	1	31	10	0	2	38	7	0	3	39	8	0	5	44	5	0
	2.40%	73.80%	23.80%	0%	4.30%	80.90%	14.90%	0%	6%	78%	16%	0%	9.30%	81.50%	9.30%	0%
General Residential	1	23	3	0	2	24	3	0	2	25	4	0	4	26	5	0
General Residential % of Yearly Total	3.7%	85.2%	11.1%	0%	6.9%	82.8%	10.3%	0%	6.5%	80.6%	12.9%	0%	11.4%	74.3%	14.3%	0%
Dementia Specialist	1	8	7	0	2	14	5	0	2	16	5	0	4	19	1	0
Dementia % of Yearly Total	6.3%	50.0%	43.8%	0%	9.5%	66.7%	23.8%	0%	8.7%	69.6%	21.7%	0%	16.7%	79.2%	4.2%	0%
Learning Disability Specialist	0	11	1	0	0	11	1	0	1	11	1	0	1	15	1	0
Learning Disability % of Yearly Total	0.0%	91.7%	8.3%	0%	0.0%	91.7%	8.3%	0%	7.7%	84.6%	7.7%	0%	5.9%	88.2%	5.9%	0%
Mental Health Specialist	0	6	4	0	0	9	1	0	0	9	2	0	0	10	2	0
Mental Health % of Yearly Total	0.0%	60.0%	40.0%	0%	0.0%	90.0%	10.0%	0%	0.0%	81.8%	18.2%	0%	0.0%	83.3%	16.7%	0%

THE TRAFFORD CARE HOME QUALITY POSITION & FUTURE AMBITION



As of October 2023,

- Trafford hosts six 'outstanding' rated care home providers
- 44 (81.5%) of Trafford's provider locations have a 'good' rating. Just under half of these are general residential providers, with dementia support, learning disabilities and mental health all represented as specialisms
- Five (9.3%) of Trafford based providers have a 'requires improvement' rating. These are all general residential settings with some specialisms
- Trafford has not had a care home provider location with an 'inadequate' rating in the last four years
- Trafford is fortunate to be in a position where no care home provider locations is without a CQC rating or CQC have 'insufficient evidence' to rate

Summary:

- Trafford care home quality is remarkable in that growth of the market has been tied to consistent quality improvement. The number of 'good' and 'outstanding' providers operating in Trafford have increased and out-perform national and regional averages. There have been consistently no inadequate providers
- All Trafford providers with a 'requires improvement' rating performed poorly on the 'well-led' measure

Ambitions for 2024 (to be agreed)

- Trafford already surpasses the GM quality ambition
- Focus attention on residential care home providers currently rated as 'requires improvement'
- Ensure that any continued market growth/expansion is aligned to Trafford's and GM's quality standards and CQC assessment framework

HOME CARE AND SUPPORTED LIVING QUALITY IN TRAFFORD

TRAFFORD quality trajectory 2021-2023
(compared to GM)



All Home CARE CQC Ratings	TRAFFORD Oct-20	TRAFFORD Oct-23	Trajectory	Northwest Average Oct-23	National Average Oct-23	Exceptions
Outstanding	2 (7.7%)	2 (5.4%)	↔	1.4%	4.3%	<ul style="list-style-type: none"> Number of provider locations increased by 30% (11) between October 2020 and October 2024 The number of 'good providers' increased by 10. The number of 'requires improvement' rated providers increased by just one
Good	21 (80.8%)	31 (83.8%)	↗	77.2%	77.4%	
Requires Improvement	3 (11.5%)	4 (10.8%)	↔	18.4%	17.2%	
Inadequate	0	0	↔	1.4%	1.1%	
Total	26	37				

Home Care and Supported Living in Trafford	2020				2021				2022				2023			
	Outstanding	Good	Requires improvement	Inadequate	Outstanding	Good	Requires improvement	Inadequate	Outstanding	Good	Requires improvement	Inadequate	Outstanding	Good	Requires improvement	Inadequate
Home Care	2	21	3	0	2	21	3	1	2	22	5	0	2	31	4	0
Home Care % of Yearly Total	7.7%	80.8%	11.5%	0.0%	7.4%	77.8%	11.1%	3.7%	6.9%	75.9%	17.2%	0.0%	5.4%	83.8%	10.8%	0.0%
Supported Living	0	7	0	0	0	7	0	0	0	7	0	0	0	7	1	0
Supported Living % of Yearly Total	0.0%	100.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	87.5%	12.5%	0.0%

THE TRAFFORD HOME CARE & SUPPORTED LIVING QUALITY POSITION & FUTURE AMBITION



As of **October 2023**,

- There are two home care provider with an 'outstanding' rating and one supported living provider
- 31 (83.8%) of Trafford-based home care providers have a 'good' rating. Seven of these have a supported living offer
- Four (10.8%) of home care providers located in Trafford have a 'requires improvement' rating and one supported living provider
- Growth in terms of the number of home care providers registered in Trafford largely mirrors the increase in the number of 'good' providers

Summary:

- Trafford outperforms national and regional averages for 'outstanding', 'good' and 'requires improvement' home care providers

Ambitions for 2024 (to be agreed)

- Focus attention on four 'requires improvement' home care providers. By supporting just one provider to move from 'requires improvement' to 'good' or 'outstanding' the GM quality ambition can be realised in Trafford
- Identify opportunities to elevate any of the 31 'good' providers to achieve an 'outstanding' rating
- Ensure that any continued market growth/expansion is aligned to Trafford's and GM's quality standards and CQC assessment framework

These results reflect the hard work that Trafford Council and our providers have undertaken in creating a local adult social care market that we are truly proud of.

- 4.2 Trafford Council have recently engaged the services of an independent consultant to develop our market position statements with our providers. Providers were offered the opportunity to co-produce those documents, but instead chose to form an editorial group, The market position statements were consulted on widely and are due to be published shortly.
- 4.3 The market position statement for older people recognises that Trafford has a very successful Home First strategy which is supported by our home care provision,

which offers both reablement and long-term support. It also recognises the valuable work that our care home providers do in supporting some of most complex residents as well as providing D2A (discharge to assess) provision. Trafford care homes command the highest prices in Greater Manchester as confirmed by the Fair Cost of Care exercise carried out in 2022, and funding from central Government continues to pose challenges in this regard.

4.4 Within this context, the market position statement identifies the following risks for older peoples' provision:

- A small number of home care providers have exited from the home care market because of a combination of pricing for service provision, underlying liquidity, staffing recruitment and retention and quality expectations.
- The Council's care home fee structure may not provide adequate income to cover costs and to maintain standards of care.
- The Council acknowledges that there are other pressures on providers in the markets covered by this position statement. These pressures include:
 - a. Increases in the National and Real Living Wage over time
 - b. Recruitment and retention challenges for workforce
 - c. Access to capital
 - d. Ability to obtain planning permission for modifications to buildings and for new build
 - e. Costs arising from competition in public sector procurements

The market position statement also notes mitigations to these issues:

The home care market is resilient and there is a wide choice of provision. The Council has taken steps to improve resilience, e.g., by enabling providers who initiate the 'stabilise and make safe' service to continue to provide care where this is assessed as required after the initial service has run its course of 21 days. The Council will continue to work with providers in this, and all other segments of the market, to explore ways of increasing resilience without losing the benefits of a dynamic and flexible market place.

The Council is committed, through this market position statement, of 'squaring the circle' between the relatively high costs the Council is paying for care homes and the need for the market to remain resilient and dynamic.

4.5 The market position statement for learning disability, autism and mental health services describes a more complex landscape. Whilst mental health services are stable, there is room for improvement, services for people with a learning disability and/or autism have proved more volatile with some providers making business decisions resulting in one service closure and four changes of provider during 2023/2024 due to provider withdrawal. Despite having a range of long-standing providers, the learning disability market is the most fragile element of the adult social care market in Trafford. Commissioners are working closely with providers to maintain sufficiency and stability.

4.6 The market position statement identified the following risks mental health and learning disability providers:

- Increases in the national and real living wage over time

- Recruitment and retention challenges for workforce
- Access to capital
- Ability to obtain planning permission for modifications to buildings and for new build
- Costs arising from competition in public sector procurements

These factors, together with more specific local or organisational factors, can have an impact on providers' willingness and ability to maintain service levels and indeed, to stay in the social care market altogether. In light of this and the number of market exits the Council will remain vigilant about the risk of market exit or market failure, and will regularly seek intelligence from providers about changes to the risk profile.

5.0 Consultation

5.1 The Council undertook a two-stage consultation process on fees due to factors arising from the Local Government Financial Settlement and the impact of this on the Council's financial position for 2024/25.

5.2 The first consultation process took place from the 22 November 2023 to the 22 December 2023. The Council has a well-established e-mail address lists that is frequently updated and verified which is used to send out all mailing including consultation letters. In the case of providers, particularly learning disability providers, who have not been consulted before, an additional note was added to ensure that the recipient passes them onto the correct person in the organisation. These letters asked for views from homecare, residential, supported living and day care providers on the following proposals which considered two components of the cost – the non-pay component (the CPI) and the pay component (the RLW/NLW component):

“An inflationary uplift for 2024/25 based on the following elements:

- The average forecasted CPI rate for 2024/25
- The national living wage (NLW) increase for supported living providers not currently paying the Real Living Wage.
- The Real Living Wage (RLW) increase – this will be a proportionate increase to support our providers to maintain the payment of the RLW.”

The Council also requested views on the proposal to implement a new requirement for providers to request an uplift within a three-month period (April to June) in the following circumstances:

- Where they fall outside of the automatic increase process
- Where an uplift may have been missed, or
- Where the uplift may have been deemed to have been applied incorrectly

The intention is to avoid long retrospective uplifts being applied that put both the Council and provider at risk.

5.3 The announcement of the Final Local Government Financial Settlement on the 5 February 2024 required the Council to review the original consultation proposals and continue the consultation process based on updated proposals. This took place from the 7 February 2024 to the 6 March 2024 and utilised the established mailing lists. The same two components were consulted upon – the non-pay component (CPI) and the pay component (RLW/NLW). The updated proposals were as follows:

- The average forecasted CPI rate for 2024/25 for all providers
- The real living wage (RLW) increase for home care and
- To exceed the national living wage (NLW) for other providers. Maintaining the NLW would have required an increase of 4.95%, and the additional monies from the Govt announcement have enabled the Council to propose an increase of 7.4%

The letter explained that the Council had managed to maintain the original proposal of providing our home care staff with at least the Real Living Wage because “it is in home care where the earliest headway was been made on paying the Real Living Wage. The home care market is particularly volatile so this provision makes sense in recognising the current position and helping to maintain the market. Maintaining the home care market is also critical to support hospital discharge and achieving our Home First ambitions.” The volatility experienced in home care is more in terms of capacity due to recruitment and retention issues rather than in provider exit. Home care also supports older people, those with learning disabilities and/or autism, mental health needs and people with physical and/or sensory impairments. This service is the largest service area and supports over 2000 people at any one time.

The figures are summarised in the table below:

Category	23/24 rate £	Increase %	Increase £	24/25 rate £
Home care (Framework)	19.66	7.47	1.47	21.13
Home care (Non-Framework)	18.63	7.47	1.39	20.02
Older People Nursing Care Home	735.43	4.92	36.18	771.61
Older People Residential Care Home	657.90	4.92	32.37	690.27
Day care	variable	5.81	variable	variable
Learning Disability / Mental Health Residential	variable	4.92	variable	variable
Learning Disability / Mental Health Supported Living	variable	5.81	variable	variable

5.4 Consultation Response

18 providers responded to the consultation. Some providers submitted more than one response and learning disability providers were the main group to respond. A small number of learning disability providers requested a meeting with the Council to better understand the proposed uplift and make their views known. Clarification and support was given to providers as and when requested throughout the process.

5.5 The breakdown of responses is as follows (please note that this will not add up to 18 as some providers work in more than one sector):

Care Sector	Number
-------------	--------

Residential Care sector (older people)	4
Home Care	2
Learning Disabilities	10
Mental Health	3
Day Care	2

5.6 The consultation responses will be summarised as follows:

1. The response to the proposal regarding submission of uplifts.
2. The response to the proposed inflationary uplifts. The responses to both consultations will be taken together along with correspondence received independently regarding requested increases for next year.

5.7 **Proposal to submit inflationary uplifts within 3 months in certain circumstances.**

This proposal received mixed responses, some of which expressed dissatisfaction with the current process and suggested a number of improvements alongside this change.

5.8 The majority of respondents were supportive of the proposal, with one respondent highlighting that consideration should be given to relaxing this where services were at risk of closure. One provider also felt that the uplift could be announced earlier following confirmation of funding through the Autumn Budget Statement and as soon as the Council budget was set. This normally takes place in February, which would mean that the uplift would be announced in March.

5.9 Whilst some providers welcomed the proposal, others expressed concerns about the impact of such a proposal on the financial viability of the service e.g. due to the delayed or backdated inflationary uplifts which might undermine the financial stability of the organisation, the cumulative impact of delayed reviews or delayed/changes to care packages and finally the impact of changes to regulatory requirements mid-year.

5.10 The proposal to implement the three-month cut-off period is to enable providers to maintain financial stability by ensuring that where an uplift is agreed it is paid early in the financial year, thus avoiding delays and significant back-payments. It is not a delay in administering any uplift agreed through the normal process which will be automatically applied.

Care package changes will not be impacted by this process and those may be reviewed through the financial year.

It is unusual for regulatory changes which have significant financial consequences to be implemented mid-year. However, should this happen, the Council will work with those impacted to minimise any negative consequences. Where additional funding is received to support any changes, this will of course be distributed to the sector.

5.11 **Recommendation**

It is recommended that the Council trial this approach this year, with a review at 6 months – September 2024. In addition, the Council will commit to:

- (a) Writing to providers as soon as a decision has been made regarding an inflationary uplift, together with the implementation date;
- (b) Acknowledging requests within 7 working days; and
- (c) Responding to requests within 6 weeks.

5.12 Other options

Do nothing

Late uplifts and adjustments can cause financial difficulties for providers. Bringing in this commitment to early resolution will enable robust financial planning and stability.

This option is not recommended

Implement a one month uplift period

This option would promote a faster resolution of issues but is too short as providers may take longer to identify any shortfalls. In addition, the Council may not be able to effectively manage a significant number of requests in a very short timescale. This approach is likely to cause frustration for everyone.

This option is not recommended

5.13 Responses to the Proposed Fee Increases

The Council received a significant number of responses and is very appreciative of the time that providers have taken to consider the consultation proposals and provide their extremely detailed feedback. It is difficult to summarise the responses as providers have included different elements, different costings and different outcomes, reflecting the uniqueness of their provision. The Council has carefully considered all the responses and feedback given.

The most common elements that were raised were issues relating to the:

- Real Living Wage/ National Living Wage uplift
- Inflationary/overhead costs
- Pension costs

Other costs highlighted by learning disability providers included:

- Oliver McGowan training
- Infrastructure costs (digital care management systems etc)
- Recruitment and retention costs

One day care provider also specified onboarding costs which were 40% higher than retained staff, highlighting the challenge of recruitment and retention.

A number of providers raised the Fair Cost of Care exercise that the Council undertook as a part of a national mandatory exercise. Unfortunately, the Department of Health and Social Care (DHSC) have not yet confirmed how they will support the outcomes of that exercise.

5.14 The main concern raised by over half of the providers was that the Council's proposals fall short in some areas of fully meeting the increase of the Real Living Wage (RLW). The respondents recognised that the Council had financial constraints but disagreed with the proposals. The proposals particularly impacted on some learning disability providers as they had committed to offering the RLW to their staff.

5.15 This report explains that the decision to move away from offering the RLW uplift across the sector was determined by the challenging financial situation faced by the Council because of funding pressures and that the longer-term commitments to the RLW remain.

5.16 Residential and Nursing Care Home Sector (Older people)

Three responses were received from providers in this sector. One focused on the proposal to bring in a three-month time limit and highlighted some issues with this proposal which have been addressed. The second response focused on the inflationary uplift with reference to the NLW and a request of 12.3%. The third response raised several issues including reference to the historical freezing of Council tax for a period by the Council.

5.17 The same respondent was also of the opinion that the framework rates had not been agreed at any point with providers. However, the Council has consulted on those rates and the inflationary uplift on an annual basis. The Council acknowledges that there is sometimes a discrepancy between those rates and prices paid for some care home beds within Trafford. Another respondent also raised this point, feeling that the Council set bed rates were irrelevant to them.

5.18 Finally the respondent questioned the inflationary uplift figure of 4.92% and how it was arrived at. They pointed out that the overheads, especially utilities are still very high. Whilst no definitive inflationary uplift was requested, the respondent requested reconsideration of the proposed uplift.

5.19 Whilst the Council acknowledges the views and concerns that this respondent raises, the offer is the maximum available within the budgetary constraints that it faces. Should the Council receive additional funding for this purpose, then rates across the board will be reviewed.

5.20 Home care provision

The response from the home care sector was very small in comparison to the number of providers the Council commissions. One provider was committed to paying the RLW and requested a slightly higher inflationary uplift of 8.2% to do so and meet overhead costs.

5.21 The other provider commented that their care packages were becoming smaller resulting in disproportionate administrative costs and so required additional funds to meet that and other challenges. An additional uplift of 2.3% was requested.

5.22 In general, there were few comments regarding the higher uplift for home care in comparison to other providers, although two providers were concerned that this was disproportionate and that the Council placed more value on the home care sector than other sectors. This is not the case; the Council is in a very difficult financial position and is seeking to fulfil its statutory duty to maintain a care market which

meets peoples' needs and offers choice, with home care being the largest service offer to over 2000 residents.

- 5.23 Trafford has a long history of facing challenges in providing home care resulting in long waiting lists for care. This included people who were living at home alone and people waiting for discharge from hospital. Due to the lack of care at home, the Council was only able to offer residential beds to those people to keep them safe until such time as any home care became available. Many of those people would have preferred to stay at home but this choice was not available.
- 5.24 The Council worked closely with providers to understand their costs and difficulties, and this led to a rebasing of the hourly rate in order to become attractive to workers from that sector. Staff in the home care sector are a valuable commodity as are all social care staff – however home care staff will often move from one provider to another where there is a higher salary on offer. This meant that Trafford's providers were recruiting staff at considerable expense, training those staff and then losing them to other providers who were offering a higher salary.

Since the rebasing of the hourly rate to the RLW, Trafford have had sufficient capacity in the market to meet the needs of our residents and we no longer have long waits for home care.

5.25 Mental Health Providers

The response from mental health providers mainly focused on other areas of their business rather than specific fee uplifts. However, one provider indicated that they had undertaken an internal analysis and reached a conclusion that they required a 9.8% inflationary uplift. Other uplifts ranged up to provider uplift requests ranged to 12%.

5.26 Learning Disability Providers

The Council received the largest response from learning disability providers with ten providers responding, some more than once. This figure represents more than half of the commissioned services for people with a Learning Disability the majority of which are Supported living. Several providers also requested a meeting with the Council to put their position forward.

- 5.27 The key issue raised by this group of providers was the centrality of the RLW to their recruitment and retention policies for supported living. The experience of recruitment in Trafford is difficult across all sectors, but the recruitment issues experienced by learning disability providers are particularly difficult. Where temporary staff were used, this impacted negatively on their financial position, service continuity, culture and quality. Many providers had only managed to achieve their aim of paying the RLW in Trafford last year because of a rebasing exercise and were able to demonstrate the impact of being able to offer the RLW on their staff retention with one organisation having a full staffing complement in Trafford for the first time.

- 5.28 The response from the Council's learning disability providers reflects the fragility of the learning disability market. Providers expressed their commitment to their service users and families but needed to emphasise that the offer from the original proposal was not financially viable for them as they would not be able to continue to recruit and retain staff unless they paid the RLW. Further, the providers indicated concern

that the proposals would not enable them to set a balanced budget. Inflationary uplifts between 9.8 and 20% were requested.

5.29 Day Care providers

One provider accepted the proposed uplift, the other provider requested an uplift of which reflected the 20% increases in costs which the service asserts they experienced in all aspects of recruitment, salaries, provision of uniforms, PPE, and travel. This increase is substantially higher than that incurred by other providers.

5.30 The Council recognises the challenges of the current economic circumstances that providers, and indeed the Council, are managing, along with a desire to maximise staff salaries and meet a commitment to the RLW.

6.0 Summary and Recommendations

6.1 The recommendation that the Council has considered considers the following rates:

- the RLW uplift of 10.1%
- the NLW uplift of 9.7%
- the forecast CPI average rate for 2024 and 2025

The final inflationary uplift figure recommended usually considers any salary increases and the predicted rate of inflation for the following financial year.

6.2 Recommended uplift for 24/25:

The Council has carefully considered all responses provided during the consultation exercise and refined its recommendations in light of those responses to reflect the representations and evidence put forward by the learning disability supported living providers. The recommended uplifts are set out in the following table:

Category	23/24 rate £	Increase %	Increase £	24/25 rate £
Home care (Framework)	19.66	7.47	1.47	21.13
Home care (Non-Framework)	18.63	7.47	1.39	20.02
Older People Nursing Care Homes	735.43	4.92	36.18	771.61
Older People Residential Care Homes	657.90	4.92	32.37	690.27
Day care	variable	5.81	variable	variable
Learning Disability / Mental Health Residential	variable	4.92	variable	variable
Learning Disability /Mental Health Supported Living	variable	7.47	variable	variable

The residential/nursing uplift will apply to all current rates including top up fees.

6.3 Other options

There are two other options:

Revert back to the original proposals in order to maintain the commitment to the Real Living Wage

This is no longer a financially viable option for the Council.

This option is not recommended

Offer an inflationary uplift based on the increase in the National Living Wage

This option would enable providers to meet their legal requirements but would not be in keeping with the Council's commitment to the Real Living Wage and the Ethical Care Charter. There is a real risk that this would destabilise the market in at least one of the sectors, having a negative impact on both residents and provider staff.

This option is not recommended.

7.0 Reasons for Recommendations

- 7.1 The recommendations will enable our home care providers to maintain their commitment to paying the RLW. This will be reinforced contractually by the Council through the tender process.
- 7.2 The recommendations will enable our learning disability providers to maintain their commitment to paying the RLW. The Council will work with those providers who are currently not paying the RLW to work towards this position. In addition, all new providers will be expected to pay the RLW and this will be enforced contractually by the Council.
- 7.3 The recommendations will enable the remainder of the social care market to continue paying in excess of excess of the National Living Wage, and in some cases maintain the Real Living Wage
- 7.4 The Council will develop a risk management approach to managing the market and in maintaining market sustainability.

Recommendations

That the Executive:-

- (1) Considers the responses to, and outcome of, the consultation.**
- (2) Approves the trialling of a three-month period for the submission of inflationary uplifts outside of the normal uplift process.**
- (3) Approves implementation of the following fee rates from 1 April 2024:**
 - (a) Home care: 7.47% increase**

£19.66 to £21.13 per hour

(b) Residential and Nursing Care (including Learning Disability and Mental Health provision): 4.92% increase

- Residential – £657.90 to £690.27 per week
- Nursing – £735.43 to £771.61 per week

(4) Supported Living Rate: 7.47% increase

There is no standard rate for Supported Living so rates will vary.

(5) Day Services: 5.81% increase

There is no standard rate for Day Services so rates will vary.

(6) Confirm that in approving the above, it has taken into consideration the Council's Public Sector Equality duty.

Finance Officer Clearance *GB*

Legal Officer Clearance *EM*

CORPORATE DIRECTOR'S SIGNATURE

