

CABINET

21st January 2020

RESIDENTIAL CARE CONTRACTS AND RATES OF PAYMENT FOR CARE

Report of the Strategic Director for People

Strategic Aim:	Safeguarding	
Key Decision: Yes	Forward Plan Reference: FP/181019	
Cabinet Member(s) Responsible:	Mr A Walters, Portfolio Holder for Safeguarding - Adults, Public Health, Health Commissioning & Community Safety	
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DECISION RECOMMENDATIONS

That Cabinet:

1. Approve the continuation of contracts with in-county older people's Residential Care and Nursing Homes, implementing a refreshed contract for the next 5 years, with the option to extend for a further 3 years annually.
2. Approve the offer of an inflationary uplift of 2% to the rates paid to providers.

1 PURPOSE OF THE REPORT

- 1.1 This report sets out the proposed intentions for our in-county older people's residential care and nursing homes and the payments we make for care for 2020/21. It requests approval to award revised continuing contracts with the homes and to set the rates of payment from the Council to providers for care.
- 1.2 Homecare rates are not covered within this paper; proposals for those are set out in the Fees and Charges Cabinet paper.

2 BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 The Care Act 2014 places a statutory duty on local authorities to provide appropriate support to those vulnerable people who have care needs where they are eligible and also to ensure sufficiency and quality of provision for both social care funded individuals and those who self-fund.
- 2.2 Rutland has 9 residential homes, with a total of 315 beds.

3 CURRENT PROVISION OF OLDER PEOPLE'S RESIDENTIAL CARE

- 3.1 There are currently 75 placements in homes in the County which compares to 25 placements out of County. We place the majority of our service users locally in these homes unless there are specific reasons to place out of county, for example family proximity or specialist care not provided by local homes.

3.2 Contracts

- 3.2.1 The Council has overarching spot-purchase contracts in place with 8 of the 9 in-county residential homes which contain the contractual Terms and Conditions, and the specific expected operation and quality standards. These contracts have been in place with the homes for ten years and were last reviewed and renewed in 2015. The current contracts are due to expire on 31st March 2020 and therefore there is an opportunity to review the current contract terms and conditions to ensure they remain fit for purpose.
- 3.2.2 Each placement is spot-purchased under the over-arching contract, and subject to an Individual Placement Agreement.
- 3.2.3 The Council also holds a block contract on the same Terms and Conditions with Rutland Care Village for 30 beds. This started on 1st September 2015 and runs until 31st August 2023, with an option to extend to 31st August 2026.

3.3 Cost of care

- 3.3.1 Depending on level of need of the individual service user, placements are made against one of three set rates: residential; residential with dementia; or nursing. This structure has been in place for the same length of time as the contracts.
- 3.3.2 The table in Appendix A sets out the current fee rates and historical uplifts since 2014. It also provides a comparison against neighbouring authorities current fee rates.
- 3.3.3 For the most part, given the capacity within our local care homes, the rates are

accepted. There have been times when we have been unable to place at the set rate and consequently have negotiated a revised rate on a case by case basis in order to ensure the placement can be made. Currently all of our homes accept our set rates.

- 3.3.4 When a service user needs to be placed in a home out of area, where possible we use the host authority's set rate. For complex care packages, this is not always possible and the rate is negotiated on a case by case basis taking into account individual service user needs.
- 3.3.5 Care for Learning Disability placements are negotiated on a case by case basis. A further piece of work is planned for 2020/21 to review cost of care for Learning Disability placements and any proposed changes will be tabled at Cabinet.

4 ENGAGEMENT WITH CARE HOME PROVIDERS

- 4.1 In Autumn 2018, the Council undertook to engage with providers regarding the structure of the fees paid by the Council to providers for service users' care. This followed feedback from several providers that criteria for the banding of fees was no longer fit for purpose – having been set a number of years ago – and did not accurately reflect the true cost of care.
- 4.2 All in-county care home providers were written to, explaining the opportunity to restructure the banding of fees and requesting a breakdown of care costs to enable a review of the current fee rates paid. Providers were given options of how fee bands might be structured. Responses to the fee structure options were received from three providers; two providers provided their breakdown of actual care costs.
- 4.3 In May 2019, providers were invited to a series of meetings to discuss the options face to face and have an open dialogue about the financial pressures they faced and to understand the Council's budgetary position. Three meetings were held attended by four providers in total.
- 4.4 The meetings resulted in several suggestions of how joint working could be improved both between the Council and providers, and between providers themselves. These included:
- Sharing training sessions and resources;
 - Use of Council staff expertise to provide specific training at nil cost;
 - Use of Trusted Assessor models to accept service users into placements;
 - Flexibility in reviewing and changing fee banding as service user's needs changed.

5 PROPOSED REVISED CONTRACTS

- 5.1 It is proposed that we continue to hold overarching contracts with all of our in-county homes in order to ensure quality standards continue to be maintained, and under which placements can be made quickly.

- 5.2 The contracts have been reviewed in line with the latest guidance and legislation, and have been simplified to enable providers to follow them more clearly.
- 5.3 The proposed revised contracts have been shared with Adult Social Care staff for comments and are currently with providers for comment and feedback.
- 5.4 It is proposed that the contracts are put in place for a minimum of five years with options to extend for a further 3 years on an annual basis. Having the overarching spot-purchase contracts places no obligation on the Council to make placements in those homes.
- 5.5 For the block contract currently in place, it is proposed that the Contract itself is revised to ensure it remains the same as the spot-purchase contracts, but retains its current term to end in 2023. At which point, there would be an opportunity to review whether to continue block contracting and whether to bring the contract dates in line with the spot-purchase contracts.

6 PROPOSED RATES

- 6.1 It is proposed that we continue to use the current three band rate structure, clarifying the criteria for each rate to assist both placing Social Workers and providers to agree on the most appropriate rate. This will also assist in ensuring that as a service user's needs change, it is clear when they will move up into the next rate.
- 6.2 The current contracts enable providers to request an uplift to rates once per year in line with inflation. We recognise that costs have increased for providers over the past year and consequently would propose that an inflationary uplift is applied for 2020/21 against the current rates. The inflationary rate we would usually use is CPI(Y) as at January before the uplift the following April. As of October 2019, the CPI(Y) is 1.7% and is forecast to end the financial year at 1.8%. We are proposing an uplift of 2% to take account of providers' increased costs. The proposed rates are set out in Appendix B.
- 6.3 We do not intend to directly offer an uplift to out of county providers as there is provision within the contracts for providers to request an uplift from us. Where the current rate is in line with host authority rates, this will usually follow their uplift to remain in line; where a rate has been individually negotiated, providers must provide a cost breakdown justifying the uplift requested which will be considered on a case by case basis.

7 CONSULTATION

- 7.1 As set out in Section 4, consultation was undertaken with local providers through both written and face to face meetings.
- 7.2 The proposed contracts have also been shared with providers for comment and feedback, and with the Council's Adult Social Care managers.

8 ALTERNATIVE OPTIONS

- 8.1 The option of not offering an uplift is likely to result in providers being unwilling to accept placements for council-funded service users. It is also likely to affect the continued viability of some of the smaller providers.

- 8.2 There is no alternative option to having a contract in place. Having a shorter contract would be possible but would simply mean that we would need to reissue contracts sooner, and that providers would have less assurance of our continued commitment to making placements with them. Having a longer contract does not preclude us from reviewing it should there be any legislative or policy changes, or terminating a contract early should we experience any significant issues with any provider.

9 FINANCIAL IMPLICATIONS

- 9.1 The overall budget for older people's residential care is currently £2,558,300, with the current budget forecasting an overspend, with a forecast of £2,666,194. The spend fluctuates depending on the needs of current service users and length of stay and the budget currently is overspent as at Quarter 2, due to a spike in placements with more vulnerable people than anticipated needing residential care during the first part of the year.
- 9.2 The proposed budget for 2020/21 currently stands at £2,635,000, which includes an inflationary uplift of 2%.
- 9.3 Whilst the uplift proposed is allowed for within the MTFP, the current Q2 forecast indicates there may be a pressure heading into 2020/21 (owing to volumes). The extent of any pressure is being assessed as part of budget setting for 2020/21.

10 LEGAL AND GOVERNANCE CONSIDERATIONS

- 10.1 The Council has a statutory duty under the Care Act 2014 as set out in Section 2.1.
- 10.2 The contract Terms and Conditions have been approved by Legal.

11 DATA PROTECTION IMPLICATIONS

- 11.1 There are no specific data protection implications to changing the payments to providers or to the refreshed Terms and Conditions.

12 EQUALITY IMPACT ASSESSMENT

- 12.1 There are no equality impact implications in the continuation of the contracts and review of rates.

13 COMMUNITY SAFETY IMPLICATIONS

- 13.1 The provision of residential care contributes to the safety and reduction of risk of vulnerable people.

14 HEALTH AND WELLBEING IMPLICATIONS

- 14.1 The provision of residential care supports the health and wellbeing of vulnerable people.

15 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 15.1 The recommendations to approve the continuation of contracts and the revised

rates for providers will enable the council to continue to offer appropriate and quality placements to vulnerable older people who require residential and nursing care.

16 BACKGROUND PAPERS

16.1 There are no background papers to the report.

17 APPENDICES

17.1 Appendix A – Current Fee Rates and Comparison with Regional Rates

17.2 Appendix B – Proposed Rates for In-county Residential Care Homes

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.

Appendix A. Table 1: Current and historical rates

Year	Residential	Residential with Dementia	Nursing	Uplift from previous year
2015/16	£428	£459	£498	1%
2016/17	£441	£472	£513	3%
2017/18	£449	£480	£522	2%
2018/19	£460	£491	£534	2%
2019/20	£469	£501	£545	2%

Table 2: Rutland rates in comparison to neighbouring authorities

Local Authority	Category	2019/2020 fee
Rutland	Residential	£469
	Residential with dementia	£501
	Nursing	£545
Leicestershire	Residential	£579
	Residential plus	£638
	Supplementary Needs Allowance	£11.81 per hour
Leicester City	Residential	£508
	Residential with dementia	£572
	Nursing care	£540
Lincolnshire	Standard Residential	£502
	Higher Dependency	£552
	Nursing	£553
Derbyshire	Residential	£538.09
	Residential (quality premium)	£560.84
	Nursing	£743.55
	Nursing (quality premium)	£766.30
	Nursing (additional dementia premium)	£44.52
Derby City	Residential with dementia	£509.69
	Nursing with dementia	£523.40
Northamptonshire (18/19 figures- not set for 19/20)	Residential	£431.23
	Residential with dementia	£522.21
	Nursing	£478.21
	Nursing with dementia	£524.51
Nottinghamshire	Residential	£473-£588
	Residential with dementia	£487-£640
	Nursing	£514-£651
	Nursing with dementia	£525-£696
Nottingham City	Standard rate	£566.62
Milton Keynes	Residential	£543.54
	Residential with dementia	£589.40
	Nursing	£589.68
	Nursing with dementia	£633.91

Please note that the banding structures are not directly comparable and consequently this is an indicative comparison only.

Appendix B. Proposed Rates for In-county Residential Care Homes

Residential	2019/20	2020/21
Residential	£469	£478
Residential with Complex Needs	£501	£511
Nursing	£545	£556