

COUNCIL CABINET
13 March 2024



Report sponsor: Councillor Alison Martin,
Cabinet Member for Integrated Health and Adult
Care.

Andy Smith, Strategic Director for People
Services.

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Commissioning and Delivery.

ITEM 10

Adult Social Care Fees and Charges 2024/25

Purpose

- 1.1 Under the Care Act 2014, Councils have a duty to ensure that there is a sustainable and affordable social care market locally. This includes establishing fee levels that providers will expect to receive for commissioned care that is delivered to meet a person's needs. To ensure that the Council is aware of and taking account of the cost pressures affecting local providers of care, engagement and consultation with independent sector providers has been undertaken in recent months. This has been focused on those providers of care homes and home care operating "standard" care, as well as providers of supported living services. This report summarises the engagement findings, the reported cost pressures and feedback from providers.
- 1.2 The report sets out details of the funding model itself and the proposed rates for 2024/25 for standard residential / nursing care, standard homecare and care at home services described as Supported Living
- 1.3 This report also sets out the proposed charges for Council-provided adult social care services for 2024/25, which forms the annual review referred to in the Council's Adult Social Care Charging Policy. It should be noted that the full cost of care is only paid by around a tenth of customers, the majority are subsidised following the outcome of a Financial Assessment.

Recommendations

- 2.1 To approve a **7.8%** increase for standard residential care and nursing care weekly fee rates (net of the Registered Nursing Care contribution) from April 2024.
- 2.2 To approve a **7.1%** increase for Homecare service fees from April 2024.
- 2.3 To approve a **7.1%** increase on fees to providers of Supported Living services from April 2024.
- 2.4 To approve an increase in existing Direct Payments, where an inflationary uplift is requested and evidenced, *of up to 7.1%*, which is identical to the proposed uplift for homecare/ care at home providers.

- 2.5 In relation to 2.4 above and the Direct Payment Information Pack (Nov 2023) – see Appendix 1 – to delegate authority to the Strategic Director of People Services, in consultation with the Cabinet Member for Integrated Health and Adult Care, to agree a process and associated criteria for increasing individual Direct Payments where a customer's provider has increased their care or support fee where the full award is not warranted.
- 2.6 To approve an increase to the charging rates for Council-provided services of **6.8%** in relation to administration and set up for Deferred Payment Agreements, Self-Funder Community Care Administration, and the Appointeeship Service.
- 2.7 The exceptions to 2.5 above are for Bonsall View which it is proposed charges will be increased by **7.8%** to match the standard residential care increase, for Carelink which it is proposed will be increased by **7.7%**, and for the Shared Lives Carer Service which it is proposed will be increased by **7.1%** to match the standard homecare increase from April 2024.
- 2.8 To approve that all the new rates will apply from the date of the rise in benefits for 2024/25, which is expected to be 8th April 2024.
- 2.9 To delegate authority to the Strategic Director of People Services, in consultation with the Cabinet Member for Integrated Health and Adult Care, to agree fee levels on an individual basis for complex customers placed with specialist providers and subject to non-standard contracts, within the overall budget of Adult Social Care Services.
- 2.10 In relation to 2.9 above to delegate authority to the Strategic Director of People Services, in consultation with the Cabinet Member for Integrated Health and Adult Social Care, to agree terms for a process and associated criteria for fee increases requested by providers falling under 2.9 where the full award is not warranted.

Reasons

- 3.1 The Council must publish its intended fees for care taking into account market conditions and cost pressures. The Care Act 2014 requires this as part of Council's "market shaping" duties which also require Councils to hold sufficient intelligence about their local care market. General information and consultation feedback from independent sector care providers has therefore been gathered and analysed, largely focusing on specific inflationary and cost pressures affecting care businesses.
- 3.2 Maintaining income levels for Council-provided services is crucial to the management of the overall budget for the Council. This includes considering whether care services that are directly provided need to have their charges reviewed in line with inflation.
- 3.3 The proposed start date for all 2024/25 fees and charges aligns with the date that the Department of Work and Pensions (DWP) benefit rates are expected to change.
- 3.4 Cabinet minutes of 15 03 2023 item 11 approved the inclusion of Supported Living within the future Adult and Social Care Fees and Charges processes for 2024/25

onwards, hence are incorporated into this report to streamline internal processes and to provide consistency across the social care markets.

- 3.5 Aside supported living, more specialist fee levels for people with more complex needs in residential and community settings do not fit into the usual standard fee frameworks. Instead, these are individually set and agreed with providers at the point at which a contract for care is entered into. These do not lend themselves to be considered for a standard approach given they are bespoke to each individual.

Supporting information

4.1 Supporting the care market

Under the Care Act, Councils have a duty to ensure that the fee paid to providers of care is able to create stability and sustainability within the local market. Councils are expected to engage with care providers and use market intelligence before setting fee levels.

- 4.2 Whilst the Fair Cost of Care exercise is now concluded, the wider charging reforms have been delayed. However, Councils are still expected to set out in a **market sustainability plan**, drawing on the intelligence of the Fair Cost of Care exercise alongside local knowledge and insight into their social care market. The work Care Analytics have been completing in Derby in addition to the Fair Cost of Care exercise, has included a detailed analysis of our commissioning and market context and will be used to inform our future approaches to care market sustainability and fees in the future. The Council has already published the first iteration of the market sustainability plan and will be refining this in the coming months to inform our approach to sustaining social care providers from 2024/25 and beyond.

The outcome of the Fair Cost of Care exercise for Derby and the draft Market Sustainability Plan have been published and are available at the weblink below:

[Market Sustainability and Fair Cost of Care - Derby City Council](#)

Care Analytics have provided further benchmarking reports in December 2023 for Care Homes (Older People) and Homecare (18yrs+) covering East Midlands ADASS authorities. Data and analysis from these reports will be considered and inform elements of the ASC Commissioning Strategy and associated Market Position Statement and Sufficiency Strategy which are scheduled to be in final draft for April 2024.

4.3 Process to determine fee rates for 2024/25

An engagement exercise has taken place whereby providers were encouraged to provide details of their cost pressures. This took the form of issuing a survey so providers could share information as to where their projected increases and cost pressures were likely to be for 2024/25. This information was analysed so that it could

be taken into consideration in the fee models, using the methodology that has been the base for setting fees for the past few years.

- 4.4 Engagement with care providers over recent months has taken a variety of formats:
- Questionnaires have been received individually from care homes, home care and supported living providers in relation to cost pressures;
 - Discussions have taken place in Provider Forums (care homes, home care);
 - Individual providers have discussed financial viability issues and market sustainability plans directly with the Commissioning and Market Development team (in person and in writing);
 - Discussions have begun on moving towards one fee structure to streamline the payment process in home care;
 - Feedback has been received from providers of supported living when they are serving notice on support packages, exiting the Derby market and throughout further competition processes.

4.5 **Cost pressures reported by nursing and residential care homes**

Key employee related cost pressures that have been identified are:

- increases in pay because of the increase to national living wage and the subsequent impact on more senior role salaries;
- increased recruitment and retention costs (including agency staff, international recruitment and sponsorship requirements);
- increased costs relation to CQC regulation requirements;
- increased employee costs to cover training and the apprenticeship levy;
- employee pension contributions and insurance.

In relation to non-staffing costs, the pressures identified by homes are increasing costs of food, utilities, suppliers and maintenance. Heating and lighting costs have continued to be raised by some homes as being a significant proportion of their increased costs as well as maintenance and investment in digitisation to meet statutory requirements. This has been widely reported nationally with increases in price inflation confirmed by the Office for National Statistics as coming from housing and household services (principally from electricity, gas, and other fuels), and food and non-alcoholic beverages. The Consumer Prices Index (CPI) rose by 4.6% in the 12 months to December 2023.

4.6 **Cost pressures reported by independent sector home care agencies**

Key employee related cost pressures that have been identified are:

- increases in pay because of the increase to national living wage and the subsequent impact on more senior role salaries;
- increased recruitment costs, especially during winter/ Christmas where competition is high from retail and hospitality;
- additional costs due to fuel price increases for staff who need to drive;
- Personal Protective Equipment (PPE);
- increased costs relation to CQC regulation requirements;

- increased employee costs to cover training and the apprenticeship levy;
- employee pension contributions and insurance;
- international recruitment and sponsorship;
- travel time and Millage costs;
- increased business administration costs including energy, staffing and digitalisation;
- enhanced Bank holiday payments.

We have also consulted on options for fee setting in the future which we will continue to explore with the market including a single fee and potential for a homecare plus service to be included in future contract arrangements.

4.7 Cost pressures reported by independent sector supported living providers.

Key employee related cost pressures that have been identified are:

- increases in pay because of the increase to national living wage and improve staff attraction and retention;
- increased recruitment costs, especially international recruitment and sponsorships, agency, holidays and sickness pay;
- additional costs due to fuel price increases for staff who need to drive, and for Personal Protective Equipment (PPE);
- increased employee costs to facilitate night-time support, cover training and the apprenticeship levy;
- employee pension contributions and insurance;
- increased costs relation to CQC regulation requirements (Note: Supported Living providers are not required to be CQC registered, so only applies to those that are registered);
- Increased business administration costs including energy, staffing and digitalisation.
- More competitive rates paid by neighbouring authorities that impacts the business decisions made by providers to continue supporting Derby City customers.

4.8 Proposed inflationary uplift

Inflationary uplifts for specific cost elements have been adjusted for 2024/25 to comprise an overall weekly individual fee for care homes, home care and supported living. The factors that have been taken into account when setting the overall fee for 2024/25 are outlined below.

The change to the National Living Wage (NLW) for 2024/25 is accurately reflected for staffing costs in the model. This is increasing by £1.02 for 2024/25 meaning the hourly living wage rate will now be £11.44 per hour. It is therefore proposed that a composite inflationary figure of 8.8% is applied to the workforce, representing the fact that not all staff will be employed at national living wage levels. The assumption is that 75% will be.

4.9 Proposed inflationary increase for residential care and nursing homes

An overall inflationary increase of **7.8%** is proposed based on the above. The table below compares 2023/24 and proposed 2024/25 fee rates for standard residential and nursing home placements.

Placement type	Current rate 2023/24 per week	Proposed rate 2024/25 per week (7.8%)
Standard Residential	£608.07	£655.50
Standard Nursing (net of RNCC)	£624.42	£673.12

4.10 Proposed inflationary increase for home care

An inflationary increase of **7.1%** is proposed based on allowances for staff costs and percentage increases being applied across a number of non-staffing elements and responds to key feedback back from providers.

Description	Current Rate 2023/24	Proposed rate 2024/25 7.1% increase
Weekday hourly rate (07:00-20:00hrs)	£18.02	£19.30
Weekday 15-minute call rate (07:00-20:00hrs)	£5.84	£6.25
Evening/Weekend hourly rate	£19.98	£21.40
Evening/Weekend 15-minute call rate	£8.69	£9.31

Lengths of call that are over 15 minutes will be paid at a pro rata amount of the relevant hourly rate. If calls overlap times for two different rates, they will be allocated the rate that applies at the start of the call.

4.11 Proposed inflationary increase for Supported Living

An overall inflationary increase of **7.1%** is proposed. The table below compares 2023/24 and proposed 2024/25 fee rates for Supported Living services.

Description	Current Rate 2023/24	Proposed rate 2024/25 7.1% increase
Standard	£16.80	£17.99
Complex / Specialist Mental Health	£17.36	£18.59

4.12 Proposed inflationary uplift - Direct Payments

The Council previously decided to introduce the option to apply an annual inflationary uplift for Direct Payments to address a legacy systemic inequity whereby people electing to receive their funding by Direct Payment could be disadvantaged compared to those whose services are commissioned by the Council. This approach helps to ensure that Direct Payment arrangements are sustainable.

Following requests received from Direct Payment holders whose provider had increased their fee and in consideration of any information they are furnished with from their care provider or employees such as Personal Assistants, where appropriate, it is proposed that existing individual Direct Payments may be uplifted in 2024/25 to a **maximum of 7.1%**, which is the proposed rate for homecare providers. Any proposed uplift will need to be evidenced as linked to inflationary pressures associated with the specific cost of care for each individual, rather than increasing levels of individual need which would be dealt with via a social work review.

The rationale for aligning the potential uplift to that proposed for home care is that this will harmonise discussions with those care organisations who may operate a mixed economy of both commissioned services (using a contract) and those delivered using a Direct Payment. Inflationary care cost increases for Direct Payments will still need to be explored separately as there may be different pressures depending on how the care is delivered and configured.

4.13 Charging for Social Care Services

Charges for customers receiving community-based support or residential and nursing care support are governed by the Council's *Adult Social Care Charging Policy* underpinned by the Care Act 2014 and supporting statutory guidance.

In line with the *Adult Social Care Charging Policy*, customers receiving community-based support will be charged for the full cost of their social care support, subject to the limit of their assessable income and except where the Council has to provide the service free of charge. With the exception of some fixed-charge services, all people who are asked to make a contribution towards their care undergo a Financial Assessment to determine the amount that they can afford to contribute. Most people receive a subsidy and are not asked to pay the full cost of their care.

4.14 Maximum contribution for community-based services

The Council has discretion under the Care Act 2014 to set a maximum contribution that a customer would be expected to pay towards the cost of their non-residential care. The Council has previously decided not to apply a cap, as set out in the *Adult Social Care Charging Policy*. No change is proposed.

Charges for Social Care Services	Limit 2023/24	Proposed Limit 2024/25
Maximum Contribution	No cap	No cap

4.15 Charges for independent sector/ commissioned services

In accordance with the *Adult Social Care Charging Policy*, the new proposed costs for independent sector provision described above will be passed on in full to customers for whom the Council arranges support, subject to the outcome of their Financial Assessment.

4.16 Short-term residential care charges

The Council has previously chosen to set the charge for *Short Breaks in a Registered Care Home* for up to four weeks based on the minimum amount of benefit entitlement for the age of the customer less the statutory residential personal expenses allowance. This is currently £28.25 weekly for 2023/24 and a new weekly rate for 2024/25 is £30.15. The proposal is to continue to this approach and reflect the 2024/25 rates in the table below.

Service Unit	Rate 2023/24	Proposed Rate 2024/25
Short term residential care of up to four weeks - under Pension Credit Age - over Pension Credit Age	£96.40 weekly £172.80 weekly	£102.85 weekly £188.00 weekly

4.17 Inflationary charges increase for Council provided services – 2024/25

It is proposed that the amount charged for care and administrative services provided directly by the Council should be increased by **6.8%** in line with the current growth in inflation and pay award.

4.18 Bonsall View Short Breaks Service

The Council provides a Short Breaks residential care-based service at Bonsall View for customers with complex needs. It is proposed that the current Bonsall View charges are increased by **7.8%** to ensure alignment and consistency with the uplift proposed for standard residential care.

Bonsall View	2023/24 rate	Proposed 2024/25 rate
Short Breaks	£388.87 per night	£419.20 per night

4.19 Carelink

The current weekly fee for Carelink is £6.45 per week. It is proposed that the current Carelink charges (which are weekly for individuals and where service level agreements exist these are annual charges with Housing Associations) are increased in April by **7.7%** to £6.95 per week. This takes into account an inflationary increase and the increase in direct costs to Carelink for the provision of the equipment.

4.20 Shared Lives

It is proposed that the current Shared Lives fees and charges are increased by **7.1%** to match the uplift being applied for home care services, reflecting the overall cost pressures affecting the cost of the carer.

4.21 Administration Charges - Deferred Payment Agreements

The Care Act 2014 introduced a new duty for every local authority to offer a deferred payment scheme, meaning that no one should be forced to sell their home during their lifetime in order to pay for their residential care. The Care Act guidance and regulations set out what local authorities can charge in interest on any amount deferred and the administrative charges which may be recovered in relation to deferred payment arrangements.

4.22 Deferred Payment Agreement Set-up Charge

In the Care Act 2014 impact assessment, the Department of Health estimated that the cost to Councils of administering a Deferred Payment Agreement was £750. Local estimates of the costs incurred were in line with this, so for 2016/17, the Council set the charge for setting up a Deferred Payment Agreement at £750, and this has since been increased in line with the budgeted inflationary increase in income.

It is proposed to increase the set-up charge by **6.8%** to reflect current growth in inflation and pay award.

The Council has previously chosen not to charge an annual administration charge for managing a Deferred Payment Agreement as set out in the *Adult Social Care Charging Policy*. No change is proposed.

Deferred Payment Agreement	2023/24 rate	Proposed 2024/25 rate
Set-up charge	£922.39	£985.00
Annual administration charge	None	None

4.23 Deferred Payment interest rate

The Care Act 2014 regulations state that the interest rate applied to Deferred Payment Loans must be based on the cost of government borrowing - specifically the 15-year average gilt yield - as set out by the Office for Budget Responsibility twice a year in their Economic and Fiscal Outlook report. The Care Act allows discretion for Councils to apply up to an additional 0.15% to this rate. Interest rates are based on the average gilt rates which are only published six monthly and, in line with a number of other Councils in the region, Derby City Council has previously decided to charge the maximum interest rate for deferred payments allowed under the Care Act 2014.

No change is proposed to this for 2024/25 i.e. it is proposed that the Council will apply 0.15% additionally to the base rate for the specified time period. In the event that the 15-year average gilt yield value is not available for a specific period, then the previous rate will continue to be applied until a new rate becomes available. Interest will be compounded daily.

Deferred Payment Agreement	2023/24 rate	Proposed 2024/25 rate
Interest rate premium	15-year average gilt yield value +0.15%	15-year average gilt yield value +0.15%

4.24 **Self-funder community care administration charge**

As laid out in the *Adult Social Care Charging Policy*, Derby City Council applies charges to cover the administrative costs incurred when it organises community-based services on behalf of people who are able to pay for the full cost of their care (except where the local authority is required to arrange care and support free of charge).

- 4.25 It is proposed to increase the self-funder set-up and maintenance charges by **6.8%** to reflect current growth in inflation and pay award.

The proposed rates for 2024/25 are as follows:

Service	Rate 2023/24	Proposed Rate 2024/25 (6.8%)
Setting up a community care package	£111.90	£120.00
Annual maintenance for a community care package	£103.29	£110.00

4.26 **Deputyship and Appointeeship service**

Where people do not have capacity to manage their own money (as evidenced by a Mental Capacity Assessment), they need someone to act on their behalf. Typically, a family member or close friend will take on this role, but some people do not have anyone in their circle of support willing to take on the role. A number of independent sector organisations offer this service for a fee, and social workers will normally seek to signpost customers and their families to these services. As a last resort, the Council is able to act as a Deputy or Appointee.

- 4.27 The basic Appointeeship service for someone living in the community or a residential care or nursing home involves receiving benefits on behalf of the customer, paying out a regular personal allowance and providing support to customers to pay their own bills. The enhanced Appointeeship service additionally includes debt management and paying utility bills on behalf of the customer. These additional tasks take more time and therefore the enhanced service has a higher charge.

- 4.28 Deputyship involves making decisions on behalf of the customer rather than just managing their money for them. The Court of Protection sets out the charges for Deputyship. On the rare occasions when we agree to apply for Deputyship on behalf of a customer, the charges from the court will be passed on to the customer, in addition to the enhanced Appointeeship service charge.
- 4.29 It is proposed to increase the Appointeeship service charges by **6.8%**. The proposed charges, which are subject to a Financial Assessment as described under the Care Act 2014, are:

Appointeeship Service	Rate 2023/24	Proposed Rate 2024/25 (6.8%)
Basic service (per month)	£30.72	£33.00
Enhanced service (per month)	£55.32	£59.00

Public/ stakeholder engagement

- 5.1 Providers, as in the financial year of 2023/24, were invited prior to any fee increases being proposed to identify their key business-related cost pressures by completing a short survey. In total 19 Care Homes, 5 Homecare agencies and 15 providers delivering care at home organised as “Supported Living” responded via the survey or by separately contacting the Council’s Adult Social Care Commissioning and Market Management Team. More regular and informal conversations have also taken place with care providers on an ongoing basis, and this has also been used to inform the proposals.

Other options

- 6.1 The Council could determine not to award any inflationary increase to the fees it pays for in-house and independent sector care. This is not being recommended as having a sustainable and viable social care market is vital to ensuring that the Council can discharge its statutory duties in relation to vulnerable adults.
- 6.2 The Council could decide not to increase the charges it levies for in-house and independent sector care. This is not being recommended as it would create an unmanageable pressure in the adult social care budget.
- 6.3 The Council could decide not to exercise the powers granted in the Care Act 2014 to levy administrative charges for certain activities. This is not being recommended as it would create an unmanageable pressure in the adult social care budget.

Financial and value for money issues

- 7.1 The proposals in this report will help the Council to provide its statutory services within the available budget. The proposed fee increases for external care providers has taken into account inflationary pressures, specifically in relation to the ongoing National Living Wage rises. Other measures such as demand management activity, diverting people into alternative low-cost services, and using preventative approaches such as Local Area Coordination and Technology Enabled Care will also be utilised to help manage cost pressures.

Legal implications

- 8.1 The public sector equality duty, under section 149 of the Equality Act 2010, requires public bodies to have due regard to the need to eliminate discrimination and promote equality of opportunity for groups including disabled and older people. By ensuring that a fair price for care is paid and charged for, the Council will fulfil its duty by ensuring that older or disabled people are able to access care locally and from a viable, sustainable and high-quality care sector.
- 8.2 Consultation on the Adult Social Care Charging Policy took place in 2020 the outcome of which has informed the content of this report; similarly, an equality impact assessment (EIA) of the impact of the Adult Social Care Charging Policy has been carried out. The EIA and a summary of its findings can be found on the Council website here:
<https://www.derby.gov.uk/community-and-living/equality-diversity/equality-impact-assessments/>

The outcome of the EIA was that no major change was needed given that no potential for discrimination or negative impact had been identified and therefore no mitigations required.

Climate Implications

- 9.1 None arising from this report.



Other significant implications

10.1 Equalities Impact

The people affected by these charges have protected characteristics under the Equality Act – however, everyone making a contribution towards the cost of their

support undergoes a Financial Assessment to determine how much they can afford to contribute. Very few people pay the full rate for these services.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Olu Idowu, Head of Legal Services	
Finance	Janice Hadfield, Head of Finance	
Service Director(s)	Gurmail Nizzer, Director for Commissioning and Delivery	
Report sponsor	Andy Smith, Strategic Director for People Services	
Other(s)	Andy Muirhead, Head of Adults Commissioning, Integration and Market Development	
	Amanda Verran, Head of Business Support and Debt Management	

List of appendices:	Appendix 1 – Direct Payments Guidance (Nov 2023)
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