Executive Summary

In June 2013 a Cabinet Member decision was taken on fees paid to independent providers of residential and nursing home services within West Sussex, which was based on the outcome of cost modelling work with providers of care homes and care homes with nursing in West Sussex. This report sets out the rationale for the increases to fees covered by the cost model. In addition this report considers the schedule of fees, outside the scope of the model, and Adults’ Services Charges.

There are proposals for specific increases in a range of fees and rates where the modelling suggests that this is warranted. Some of the changes are interim only. There are proposals for no increase in others. The report explains these differences. There is also a proposal that there should be no increase in the Resource Allocation System (payments to personal budgets) pending an imminent review.

The report also proposes increases to charges for the County Council’s residential homes for adults with learning disability and resource centres for older people.

Recommendations:

1. That for services for the year 2014/15 the proposals detailed at paragraph 2.5 and Appendix 1 of this report shall apply to fees and charges for care funded by WSCC Adults’ Services, from 7th April 2014.
2. That there should be no increase in the Resource Allocation System but that the system be reviewed as detailed in paragraph 2.4.3
3. That the rates of charges for residential and resource centre services as detailed in paragraph 4.2 be increased as set out in Appendix 2.

1. Background

1.1 Annually rates and fees paid in respect of social care provision in the community and in residential and nursing provision are subject to review.
1.2.1 A Cabinet Member decision was taken in June 2013 on fees and rates for the year 2013/14, and it was agreed that for usual maximum rates (i.e. the level at which the council will fund residential or nursing placements) for care homes WSCC would adopt a cost model, based on costs from West Sussex providers. The model allows 7% on Return On Capital i.e. against the value on the property investment and there is a separate element for profit, this was set between 10 and 12%. The proposals for usual maximum rates are based on the model but also take into account commissioning intentions, inflation indices, known factors of supply and demand in West Sussex and the data within model.

1.2.2 Individually agreed rates are negotiated outside the scope of the model. The lead commissioner, for each requisite care group, has led on defining the approach and resulting proposal.

1.2.3 Rates paid in respect of community based services such as domiciliary care and supported living are reviewed in line with their respective contracts and, as with agreed rates, the lead commissioner for the care group has defined the approach, researched and reached a proposal.

1.2.4 Consideration in reviewing all rates and the subsequent recommendations takes into account supply and demand, commissioning intentions and the provider perspective.

1.3 In 2013/14 an integrated approach was adopted for increases in residential, nursing and community based services as part of a 3 year fee strategy, the decision for 2014/15 being year 2. The rationale for the approach underpins a more proactive approach to managing and developing the market for care services in line with commissioning intentions. The only exception to this approach is for Shaw Healthcare Homes, where rates of increase are subject to an indexation formula specified in the contract.

2. **Consultation Outcome and Proposals**

2.1 The recommendations for fees and rates for 2014/15 will fall into 3 categories of (a) increase by 1.38%; (b) increase more than 1.38%; and (c) no change (see 2.5).

2.2 **Increase of 1.38%**. This figure is a mix of indices namely Average Weekly Earnings (AWE) and Retail Price Index (RPI). The mix is 72:28 (AWE: RPI) and was determined by cost evidence gathered from providers during the cost benchmarking exercise. The following will have this increase applied:

2.2.1 **The Supported Living Framework for Learning Disability**

The Supported Living Framework was implemented in April 2012, with a countywide ceiling rate. The ceiling rate is currently £14.65 per hour. Considering all known factors including workforce, ease of commissioning and in recognition of the impact on providers, who in some cases have reduced their rate to meet the ceiling, an increase has been proposed.

2.2.2 **Domiciliary Care**

Domiciliary care is the subject of a review with an entry in the County Council's Forward Plan for June 2014 to go to the market. As an interim
measure, an uplift of 1.38% is proposed on current rates to recognise the inflationary pressure being felt by providers. Domiciliary care is funded from the personal budgets provided to customers which are discussed at 2.4.3.

2.2.3 Individually agreed rates for residential placements for Learning Disability
Commissioners for Learning Disability have discussed proposals at a provider forum meeting with a response of general acceptance to the proposed offer.

2.2.4 Individually agreed rates for Physical Disability
These have been the subject of scrutiny in a report, authored by the commissioning lead. The care funding calculator has been introduced for Physical Disability placements (commonly used in respect of Learning Disability placements, and has been for a number of years) and is being used to support the review of customers’ needs against the cost of meeting those needs. All placements in excess of £700 per week are currently the subject of review. However, a proposed increase is to be made during the interim, should the review of meeting need against the cost funding calculator alter the placement cost this will apply from the date of the review.

2.2.5 Individually agreed rates for Mental Health and Substance Misuse
To be equitable across all customer groups the same increase is to be applied to individually agreed rates for mental health and substance misuse as is being applied to other customer groups.

2.2.6 Usual maximum rates of Bands A, B, F and P residential placements
These bands to have a cost of living increase applied, that is 1.38% based on the indices described in 2.2. Band A was discontinued in 2013/14 and Band B, residential placements, are forecast to reduce based on reducing demand due to changes in the eligibility threshold and alternative provision being available e.g. extra care -which results in fewer referrals (to residential care) of people with less complex needs. We no longer commission new Band A placements and will commission fewer Band B, however acknowledge that we need to recognise cost pressures in respect of these services. Band F rate is paid for Mental Health placements. Commissioners for Mental Health are reviewing the type of services they commission and considering the move to commissioning services that support recovery during 2014/15. Band P placements will be kept under review, however at this time the assumptions in the cost model remain current, therefore a cost of living increase is to be applied.

2.2.7 Specialist residential/day centres managed directly by the County Council
These services are New Tyne and Marjorie Cobby House Resource Centres plus the 5 learning disabilities homes; a decision needs to be taken about the charges that will apply for self-funders and placements made by other local authorities. To ensure parity with the increase that the County Council is proposing for the placements that it purchases in the market, a rise of 1.38% is recommended.

2.3 Increase of more than 1.38%

2.3.1 Usual maximum rates for Band C (Dementia) and Band D (Nursing)
These are recommended to be increased above 1.38% based on the application of the cost model
2.3.2 The following was taken into consideration:

i. the profit level, which is to be maintained as set out in 2013/14;
ii. the occupancy target. Occupancy we know (in dementia services, particularly and nursing services) is quite high, therefore the target occupancy has been increased for these services.
iii. the increasing number of people the local authority funds, and will fund with the introduction of Dilnot’s “Cap on Care”. This requires us to consider the impact of what we pay compared with what individuals choose to pay with more scrutiny that ever before, to ensure the rate allows a business to run efficiently based on local authority funding levels.
iv. 1.38% increase to reflect cost pressures on the business of AWE: RPI. There are huge difficulties in recruiting and retaining staff in the care industry together with real difficulties in recruiting nursing staff into the sector. Looking ahead West Sussex’s Joint Strategy Needs Assessment has predicted a decrease in working age population pitched against an increasing older population; therefore we need to consider how we can support providers to encourage workers into and to remain in the industry to maintain safe levels of care.

2.3.3 Demand for dementia services continues to increase so we need to ensure there is sufficient provision, funded appropriately and it is an area attractive for investment.

2.3.4 New Market Supplement
The geographical enhancement has remained the same; however a recommendation of a new market supplement of £10 per week for Mid Sussex and Crawley has been added, to the schedule of rates, in recognition of the difficulty of securing residential and nursing placements in these areas.

2.4 No change to rate

2.4.1 The Supported Living Framework for Mental Health
This was implemented in September 2013 with a countywide ceiling rate of £16.50 per hour; therefore there are no proposals to increase current rates.

2.4.2 Day care provision for Learning Disability
This service is being retendered during 2014; therefore there will be no change to rates.

2.4.3 Resource Allocation System (RAS)
The RAS is the mechanism used to calculate personal budgets and operates on the principle that a number of points, allocated according to care needs, is multiplied by a fixed cash value, referred to as the £ per point.

Although the unit cost of (some of) the expenditure that customers will need to manage within their budgets will be increasing, no change is proposed for the RAS. In part this is because the level of increase is marginal, but mainly as a review of the RAS is underway, which is now considering how the needs of an individual translate into money (a personal budget) to meet eligible need. The driver for this is a concern that the current system does not lead
to an optimum allocation of resources, as evidenced, for example, by the level of surplus personal budget that some customers accrue. Pending the outcome of that review, it is anticipated that the new RAS will be implemented in June 2014, therefore it would be premature to allocate more funding, consequently these arrangements will remain unchanged.

In the event that this prevents any individual customer from being able to afford the cost of meeting their eligible care needs, a short term increase to their allocation will be considered.

2.5 It is therefore proposed that for services for the year 2014/15 the following shall apply to fees and charges for care funded by WSCC for Adults’ Services, from 7th April 2014:

**1.38% increase to:**
- Band A residential placements, giving a rate of £279.85.
- Band B residential placements, giving a rate of £363.85.
- Band F (Mental Health-all age) residential placements, giving a rate of £349.76.
- Band P (frail with intensive/complex physical care needs) residential placements, giving a rate of £453.17.
- Learning Disability individually agreed rates for residential care.
- Mental Health individually agreed rates for residential care.
- Substance Misuse individually agreed rates for residential care.
- Physical Disability individually agreed rates for residential care, with a review of individually agreed rates to be continued for all placements equal to or more than £700.
- Domiciliary Care rates.
- Learning Disability Supported Living providers.
- Shared Lives service.
- The charges for placements in WSCC provided services.

**An increase of more than 1.38%:**
- A new market supplement of £10 per week for Care Homes and Care Homes with Nursing in Crawley and Mid Sussex.
- Band C (Dementia- all age) residential placements, 2.88% increase to placements to pay a rate of £481.48.
- Band D (social care element of) nursing placements, 4.38% increase to pay a rate of £483.50. The impact of the settlement, especially for Band D (nursing), is to be kept under close scrutiny.

**No change to:**
- Geographical enhancement.
- Mental Health Supported Living Providers.
- Learning Disability day care provision
- The pounds to points Resource Allocation System


3.1 An Equality Impact Report has been undertaken and is attached at Appendix 3.

4. **Resource Implications and Value for Money**
4.1.1 In gross terms, the County Council will be budgeting to spend around £145m in 2014/15 on the care costs which are subject of this report.

4.1.2 Quantifying the impact of the recommendations is not a precise science, mainly as the group of people receiving social care is subject to a significant level of turnover each year. Of itself this can lead to changes in the relative mix of spending as well as differences in the means-assessed contributions that customers make towards the cost of their care. Nevertheless, if the proposed rates shown in paragraph 2.5 are applied to current customer numbers and the current budget, the aggregate cost of the recommendations, based on implementation from 7th April, will be in the order of £2.5m. This is £1.8m less than compared to the cost of an uplift in line with the Retail Prices Index. It also allows for the implications brought about by the pooled nature of the Learning Disabilities budget.

4.1.3 The only category where different considerations apply is for Mental Health clients. This is because the increases proposed for Band F will fall to the Mental Health pooled budget. As such roughly 87% of the cost of that change will be funded by the three clinical commissioning groups in West Sussex. The section 75 agreement between those bodies and the County Council, gives the Council the authority to agree this increase on their behalf. The Mental Health pooled budget manager has also confirmed that the additional costs will be affordable within the limits of the expected budget provision.

4.2. Pending the recommendations in this paper, a decision has been deferred about the rate of increase that should be applied to the County Council’s charges for placements in the five residential care homes that it operates for adults with a learning disability and the two resource centres for older people. To ensure parity with the proposed rise in rates for external providers of residential care for adults with learning disabilities, it is recommended that an increase of 1.38% should be applied to current charges. The new rates are shown in Appendix 2 and apply to the limited income earned from self-funders and placements made by other local authorities.

4.3 There is a resource implication to upload the new rates into Frameworki in order to generate correct payments to providers. This work has been built into the Frameworki work programme and agreed by Frameworki Board.

4.4 As the proposed increases to usual maximum rates were produced from providers’ costs, excluding profit, and set in a model (agreed in 2013/14) with assumptions including target occupancy (90%) and where WSCC was able to set profit (linked to commissioning intentions), the consequent rates relate to an efficient model of care delivery. Although that model relates to residential care, the key factor in driving the calculations is pay and so it should be broadly representative of the cost structure of domiciliary care providers as well. This gives reason for believing that the proposals represent good value, especially as they also attempt to take into account the supply pressures being felt across particular care groups and across certain parts of the county. While this needs to be addressed as part of a longer term strategy, it is to be hoped that it will be regarded as a signal
about direction of travel and the types of capacity that the County Council is keen for the market to develop

5. **Risk Management Implications**

5.1 The model reduces the risk of legal challenge as WSCC has adopted a robust process where the eventual fee rates can be shown to be based on a proper and evidenced based assessment of the actual cost of care.

5.2 A financial risk that the costs will exceed the allocated budget through activity shifts, is referenced in (4) above.

5.3 As fees paid in respect of care provision is a national, high profile issue, a robust approach to cost modelling was required to mitigate any reputational risk.

5.4 Framework requires updating with all the new rates and subsequent testing to ensure payments to providers are correct. Based on a January decision this should be implemented in Framework by the end of March. The Portfolio Manager for Framework and the Systems Support Manager have prioritised this work over project work in Framework and confirmed a delivery date of March, after which providers will be paid updated rates from April.

6. **Crime and Disorder Act Implications**

No implications.

7. **Human Rights Act Implications**

7.1 In reaching a decision on the level of fees, the Authority has considered its duties under the Human Rights Act, and in particular Article 8, and the need to consider the private and home life interests of all those assessed to be in need of residential and other basic care. The Authority has endeavoured to find out the cost of care in order to ensure that any increase enables these needs to be met.

**Judith Wright**  
Director Public Health, Commissioner for Health and Social Care

**Contact:**  Debbie Young 0330 22 24134

Appendix 1: Fee Schedule Proposed Fee Rates for 2014-15  
Appendix 2: Schedule of Charges for Adults’ Services Resource Centres  
Appendix 3: Equality Impact Report

**Background Papers**

None.

**Appendix 1**
### Fee Schedule

**Proposed Fee Rates for 2014-15**

#### Adults' Services Usual Maximum Rates for Personal and Nursing Care in Registered Care Homes

<table>
<thead>
<tr>
<th>Care Homes Registered with the Care Quality Commission to Provide Personal Care</th>
<th>2013-14 from 08/04/13 WSCC Weekly Rate £</th>
<th>2014-15 from 07/04/14 Weekly Rate £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Band A - Older Person: High level of Personal Care</td>
<td>No new placements</td>
<td><strong>279.85</strong> for existing placements only.</td>
</tr>
<tr>
<td>Band B – High level of physical care needs</td>
<td>358.90</td>
<td><strong>363.85</strong></td>
</tr>
<tr>
<td>Band C - Specialist dementia care (intensive/complex)</td>
<td>468.00</td>
<td><strong>481.48</strong></td>
</tr>
<tr>
<td>Band P - Frail with intensive/complex physical care needs</td>
<td>447.00</td>
<td><strong>453.17</strong></td>
</tr>
<tr>
<td>Band F - Person with mental health needs</td>
<td>345.00</td>
<td><strong>349.76</strong></td>
</tr>
</tbody>
</table>

#### Care Homes Registered with the Care Quality Commission to Provide Nursing Care

| Baseline Social Care Rate (Accommodation and Personal Care element of Nursing Fee) | 463.21 | **483.50** |

Plus the NHS Contribution to Nursing Care: (based on 2013/14 level)

| Band - Standard (£109.79) | 573 | **593.29** |
| Band - High (£151.10) | 614.31 | **634.60** |

For homes in West Sussex nursing care is paid gross through WSCC, with reimbursement from the CCG.

N.B. Prices stated are gross.

**Geographical enhancement:**

- £20 per week applies to both residential and nursing rates (differential rate for specific localities namely Horsham, Crawley, Mid Sussex and the rural areas of Chichester and Adur).

**Market supplement:***

- £10 per week applies to both residential and nursing rates (differential rate recognising market forces for specific localities namely Crawley and Mid Sussex)

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*1 Introduced for 2014/15*
Appendix 2

**SCHEDULE OF CHARGES FOR ADULTS’ SERVICES RESOURCE CENTRES**
* (Marjorie Cobby House & New Tyne Resource Centre)

<table>
<thead>
<tr>
<th>All rates per amounts</th>
<th>2013-14 WSCC Weekly Rate £</th>
<th>2014-15 WSCC Weekly Rate £</th>
<th>Percentage Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adults’ Services Resource Centres (Self-funded/externally-funded places)</td>
<td>641.87</td>
<td>650.73</td>
<td>1.38%</td>
</tr>
</tbody>
</table>

**SCHEDULE OF CHARGES FOR RESIDENTIAL CARE HOMES FOR PEOPLE WITH A LEARNING DISABILITY**

<table>
<thead>
<tr>
<th>All rates per amounts per week</th>
<th>2013-14 from 08/04/13 WSCC Weekly Rate £</th>
<th>2014-15 from 07/04/14 WSCC Weekly Rate £</th>
<th>Percentage Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Support</td>
<td>821.33</td>
<td>832.66</td>
<td>1.38%</td>
</tr>
<tr>
<td>Higher Support</td>
<td>1,148.77</td>
<td>1,164.62</td>
<td>1.38%</td>
</tr>
<tr>
<td>Intensive Support</td>
<td>1,689.93</td>
<td>1,713.25</td>
<td>1.38%</td>
</tr>
</tbody>
</table>
Appendix 3

Equality Impact Report

<table>
<thead>
<tr>
<th>Title of proposal</th>
<th>Care Homes &amp; Care Services: Usual Maximum Rates and Fees for Adult Social Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of implementation</td>
<td>7 April 2014</td>
</tr>
<tr>
<td>EIR completed by:</td>
<td>Name: Debbie Young Tel: 0330 2224134</td>
</tr>
</tbody>
</table>

1. Decide whether this report is needed and, if so, describe how you have assessed the impact of the proposal.

The rate paid by WSCC for placements into care homes, for Adults, needs to be based on evidence and information available about the market in West Sussex. In 2013/14 a cost benchmarking exercise was undertaken with providers of care home services in West Sussex to arrive at a cost of care in West Sussex (for placements made at the usual maximum rates under the Care Home Services Contract 2007). This enabled a unique insight into the actual cost of providing care in West Sussex, and therefore the impact on customers if a fair fee is not agreed. Other areas analysed include:

- The number of customers receiving a service
- The proportion of the market funded by WSCC
- Financial analysis to ascertain the number of customers WSCC is paying for: above the authority’s standard rates; at usual maximum rates; and at usual maximum rates with a third party top-up.

Consideration has been given to the number of placements that can be made at usual maximum rates and where WSCC has been/is experiencing difficulty in making placements in the county we are introducing a market supplement in response to this, which will be in addition to the existing geographical enhancement.

Although any customer group may be impacted by the rate at which WSCC set its fees the group who would potentially be impacted the most by our rates would be older people and their family.

2. Describe any negative impact for customers or residents.

Although there are top ups paid by individual customers and families, a significant number (including those higher in value) relate to WSCC picking up responsibility for private run outs as well as relatives paying third party top ups in respect of those customers who are on deferred payment agreements. This supports customers’ greater opportunity for choice because it enables them to secure or retain placements in homes that do not accept WSCC’s usual maximum rate.

The customers are those who meet our eligibility threshold of substantial or critical and either are on a deferred payment (as their funds are tied up in assets) or are eligible for financial support and are in receipt of adult social care, in West Sussex,
on a short, long-term or respite basis in a care home or care home with nursing.

It is acknowledged that any fee increase will have an effect on the sum recharged to full cost payers and on any customer choosing a care home or care home with nursing as an option for respite, as respite costs are included in the personal budget which is derived from the Resource Allocation System (RAS). The RAS is not being increased per se, but where this is likely to have an impact a variation will be required on a per customer basis to reduce the risk of inequality. Full cost payers will be contacted, by letter, to advise of any fee increases, however if they had cashable assets they may be paying increased fees directly to providers rather than via WSCC.

3. Describe any positive effects which may offset any negative impact.

This year sees increases to placements for all care home services and to most providers of community based services. With the Care Bill on the horizon (with the cap on care) this starts to pave the way for providers and customers to understand the rate at which WSCC will pay for services and the rates at which customers will record the cost of their care until the cap is reached.

With the introduction of a weekly market supplement for Crawley and Mid Sussex it is hoped that this will stabilise existing services and attract new services/new providers into the area that are willing and able to provide services to WSCC at the published usual maximum rates.

It is recognised that providers, like other businesses, have continued to provide services in really constrained financial services. By awarding increases and/or reviewing service provision we aim to grow a healthy social care market which is funded in a way that facilitates the delivery of safe, quality care services to all customer groups.

4. Describe whether and how the proposal helps to eliminate discrimination, harassment and victimisation.

By reviewing rates for all Service User Groups together, looking at commissioning intentions, the market dynamics and future legislation this provides a real opportunity to ensure (as far as practicable) that there are safe, quality services than may be commissioned by all residents of West Sussex regardless of funding source or primary need. Particularly families of older people who often choose to pay additional money, to increase their choice of home, above WSCC usual maximum rates. With the addition of the market supplement and increases above cost of living to a number of rates this will allow greater choice of placement for those funded by WSCC, than before.

5. Describe whether and how the proposal helps to advance equality of opportunity between people who share a protected characteristic and those who do not.

Individually agreed rates for residential and nursing placements are to be increased for all customer groups using the same formula. In addition all fees over £700 paid in respect of physical disability are to be reviewed using the Cost Funding Calculator; this is an approach that has been deployed for placements in respect of people with a learning disability for a number of years.

In addition placements for people with dementia are proposed to increase in excess of the cost of living. This supports individuals and their families to secure
placements at WSCC usual maximum rates in a wider range of services, thus increasing choice and control.

These proposals are intended to support providers to continue to deliver (and improve, where required) quality services to meet customers’ individual needs, circumstances, cultures and lifestyles, hence ensuring that where customers personal circumstances and support needs change, that there is sufficient provision in the independent sector available to support them.

6. Describe whether and how the proposal helps to foster good relations between persons who share a protected characteristic and those who do not.

The impact is, at most, marginal. As above, it is expected that by paying providers fees linked to the actual cost of providing care in West Sussex, that they will continue to deliver (and improve, where required) quality services to meet customers’ individual needs, circumstances, cultures and lifestyles. This should improve customer outcomes, and provides support for measures to address discrepancies in opportunities amongst the adult population and have a small impact on relations referred to here.

This raises the profile of care fees for older people and takes account of what we pay for care for older people linked to the cost of provision similar to other care groups.

7. What changes were made to the proposal as a result? If none, explain why.

Fees are to be raised for Specialist Dementia Care in order to encourage more high quality care. A focus on complex needs is also required, and this is reflected in the proposals. In addition the quantity of places available in the market, but more particularly to WSCC needs to increase in the Crawley and Mid Sussex area which is likely to be stimulated by the introduction of a market supplement.

All care groups were considered in the discussions about fees and rates to encourage a fair and uniform approach.

Due regard will be paid to the Equalities Duty and protected characteristics to ensure that all customers are treated fairly and no discrimination occurs. The Cabinet Member Decision will be communicated sensitively by letter to customers who are full cost payers or have a Deferred Payment, as any fee increase will affect the fees they pay. For customers who receive social care funding from the Council, where they pay a contribution towards the cost of their care the new rates will be used to determine how much the Council and the customer need to contribute. Once the Cabinet Member Decision has been taken providers will be formally advised of the change.

8. Explain how the impact will be monitored to make sure it continues to meet the equality duty owed to customers and say who will be responsible for this.

A risk-based approach to monitoring care homes and the performance of the providers has been adopted and developed following on from the quality pilot during the latter part of 2012 and the year 2013. Feedback from customers, individual providers, the West Sussex Forum and Provider Forums will be monitored by Contracts & Performance and Commissioning Managers.

In addition we will continue to review the impact of the fee structure by reviewing
the ease at which placements can be made at usual maximum rates.

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<tr>
<th><strong>To be signed by a Director or Head of Service to confirm that they have read and approved the content.</strong></th>
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<tbody>
<tr>
<td><strong>Name</strong></td>
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<td><strong>Your position</strong></td>
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