



**Report for: Cabinet**

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<b>Date of Meeting:</b>	29 <sup>th</sup> June 2023
<b>Subject:</b>	Adult Social Care Provider Inflationary Up-lifts
<b>Key Decision:</b>	Key decision as it effects communities living or working in an area of two or more wards of the Borough and has a revenue value of over £500k.
<b>Responsible Officer:</b>	Senel Arkut - Corporate Director, People Services
<b>Portfolio Holder:</b>	Councillor Pritesh Patel - Portfolio Holder for Adult Services and Public Health
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	Yes
<b>Wards affected:</b>	All Wards
<b>Enclosures:</b>	None

## Section 1 – Summary and Recommendations

This report sets out the proposed approach to inflationary up-lifts for the adult social care market which includes a three year 7% inflationary up-lift approach and an additional one-off payment for 2023-24.

### Recommendations:

Cabinet is requested to:

1. Agree the three-year inflationary up-lift approach 2023-24 – 2025-26;
2. Agree the increased funding for Providers for 2023-24 as a one -off additional payment

**Reason: (for recommendations)** To implement the adult social care inflationary up-lift for 2023-24.

## Section 2 – Report

### Introductory paragraph

1. Aligned with the Government's ASC Reforms and Cost of Care, the Council is committed to working with social care providers to secure a sustainable and quality offer of services in Harrow, within available resources. The Government has allocated funding through the Market Sustainability Improvement Fund for inflationary up-lifts and market sustainability costs. The local authority is required to report the impact of Government's Market Sustainability Improvement Fund on one (or more) of the three Targets:
  - Increasing fee rates paid to adult social care providers in local areas
  - Increasing adult social care workforce capacity and retention
  - Reducing adult social care waiting times
2. Harrow's approach to inflationary up-lifts is guided by the following principles:
  - Support a sustainable and quality provider market in Harrow
  - Commitment to overtime increasing rates
  - To review the process and monitor the impact
  - To prioritise home care rates acknowledging the current rate, the importance of local services to support residents in their own homes to maintain independence and the plan to develop a home care commission strategy,

- To develop the approach to consolidate spot placements where appropriate and encourage market development to meet priority and creasing needs.
3. This report sets out the proposed three year 7% inflationary up-lift approach and an additional one-off payment for 2023-24.
  4. This decision contributes to the Council's priorities:
    - A council that puts residents first  
Supporting the social care market to provide and sustain high quality care and support for Harrow's residents.
    - A place where those in need are supported  
Ensures that there is a range of sufficient, quality care to meet the individual needs of those residents requiring support

## Options considered

5. The following options have been considered:

Option 1: Do Nothing – this would not be a viable option because the Government has provided additional funding to support the care market and without increased funding the market ability to meet increased costs and maintain its sustainability.

Option 2: To agree Inflationary Up-lifts.

6. Option 2 is the preferred option because it will support the care market in Harrow. The increases in funding need to be achieved within the Council's affordability. An affordable rate of increase is being proposed for implementation.

## Three Year Approach to Inflationary Uplifts Existing Packages

7. In considering the availability of funding and the inflationary up-lift rates, a range of percentage increases were modelled. The shortfall ranges from £248k at 3% to £7.8m at 12%. The increases to home care rates are also included. These are set out in the table below.

Percentage Increase		3%	5%	7%	9%	12%
Required Budget for % increase		£2,558,269	£4,237,782	£5,917,294	£7,596,807	£10,116,076
Available Budget Provision		£2,310,000	£2,310,000	£2,310,000	£2,310,000	£2,310,000
Budget Shortfall		£248,269	£1,927,782	£3,607,294	£5,286,807	£7,806,076
Hourly Rates	Current Rate	3%	5%	7%	9%	12%
Home care	£16.60	£17.10	£17.40	£17.80	£18.10	£18.60
Reablement	£18.00	£18.50	£18.90	£19.30	£19.60	£20.20

8. Within its affordability and the three -year MTFs, the Council has committed to an inflationary increase of 7%, £6.196m in cash terms, over 3 years for providers for existing packages. This is based on the cost of all open packages at the end of March 2023. The increases and funding are set out in the table below:

Year	2023/24	2024/25	2025/26
% increase	2.7 %	2.35%	2%
Cash Value	£2.31m	£2.086m	£1.8m

9. If additional Government funding becomes available there will be a review of the proposed increases.

### **Application of Inflationary Up-lifts 2023-24**

10. The inflationary up-lifts will be applied as follows:

#### **Home Care**

All Home Care provider rates will be increased by 2.7%. This is a flat rate across all providers and will increase the hourly rate from £16.60 to £17.05.

#### **Reablement**

All Reablement provider rates will be increased by 2.7%. This is a flat rate across all providers and will increase the hourly rate from £18.00 to £18.50.

#### **Bedded Care and Nursing Older People and Physical Disabilities**

Bedded and Nursing provider rates will be increased by 2.7% where the standard package 2022-23 rate is below the West London Alliance (WLA) rate. This will apply to approximately 30% of beds across a number of providers. No increases will be agreed for providers where the rate is above WLA. The inflated rate for some providers may remain below the WLA rate.

Non-standard packages will be considered by the Review Panel on a case by case basis and the maximum increase will be 2.7%.

#### **Learning Disabilities, Mental Health, CYAD and Community Day Services**

Providers that make a request for an uplift within the timescale will receive an up-lift of 2.7%. This will mean that CareCube will only be applied to new packages of care for people with learning disabilities.

#### **Personal Budgets and Direct Payments**

A 2.7% inflationary increase will be applied if required through the annual review process.

### **Shared Lives**

A 2.7% increase to the current rates low, medium and high will be applied.

### **Other Factors Effecting the Market**

11. There are other factors that will have an impact on the market during the three-year period which will need to be monitored:

- Joint health packages will receive the inflationary increase awarded by ICB, which is yet to be confirmed, but understood to be about 3% for 2023/24 for NWL, this is in line with established practices and ensures that the agreed funding split remains in situ.
- Price evidence from the market  
There are various sources of evidence about the costs of providing care proposing a range of rates. For example, information gathered through the Government's cost of care exercise, ADASS. The overarching theme is that inflation and other pressures are increasing the cost. The level of increase varies and Harrow's approach is to support inflation increases within its affordability.
- Strategic Developments with the Provider Market  
There are several developments with the provider market that will be considered during the three-year period. These include the implementation of the bedded care strategy and the development of a home care strategy. These will have an impact on the market and through this process the rates will be explored further.
- Service contracts are not included in the inflationary up-lift process. During 2023-24 contracts are being redesigned and commissioned and through this process the specification will be reviewed within the current financial envelope.
- Impact on recovery of assessed contributions for the increased cost of care. Whilst the uplift in the costs of care will be backdated to 1<sup>st</sup> April 2023, notification of this increase will need to be given to citizens. It is proposed that a communication will be sent out with the June invoice (during the first week of July) advising the increase which will commence from 1<sup>st</sup> August and be reflected in the August invoice which will be raised at the beginning of September.

### **Additional One-Off payment 2023-24**

12. An additional £2m is proposed to support the provider market as a one-off lump sum for 2023-24. This will mean that for 2023-24 there is a total

of 5% increase which is a combination of the inflationary up-lift (2.7%) and the one-off lump sum (2.3%).

13. The impact on the rates will be a total increase of 5% in 2023-24, with the 2024-25 starting rates reflecting the ongoing increase of 2.7%
14. The 2.35% increase in 2024-25 will be applied to the 2023-24 rates after the permanent uplift of 2.7%, and not 5% which includes the one of provision for 2023-24 only.
15. In practice this will mean that in cash terms, providers will not see an increase in rates in 2024-25 as the 2.35% uplift will be largely equivalent to the one-off increase of 2.3% from 2023-24.
16. This additional uplift will be paid over the course of the year as part of the monthly payment to providers, such that the increase will only be paid to care which has been delivered.
17. The mechanics of how this can be operationalised in Mosaic are being explored, the requirement to reverse the one-off allocation by 31<sup>st</sup> March 2024 potentially needing technical support to resolve.

### Implementation and Timeline

18. A Panel, with senior officers from Adults Social Care and Finance will be established to oversee the inflationary up-lift implementation and the process will be as follows:

Activity	Date
Report to Cabinet	Thursday 29 June
<b>Home Care and Enablement Providers and Shared Lives</b>	
Letters sent to Home Care, Enablement and Shared Lives providers detailing the approach.	From Friday 7 July
Inflationary up-lift applied backdated to first Monday in April 2023	Payment to be received from August onwards
<b>Bedded Care Older People and Physical Disabilities</b>	
Letters sent to Bedded Care providers detailing the approach.	From Friday 7 July
Inflationary up-lift for bedded care providers standard packages below WLA cap applied backdated to first Monday in April 2023	Payment to be received from August onwards
Letter confirming inflationary up-lift	End September
<b>LD, MH, CYAD, Community Providers</b>	
Letters sent to LD, MH, Community providers detailing the approach.	From Friday 7 July
Deadline for requests for uplift from LD, MH, Community providers	Friday 11 August
Review Panel to consider the requests	Monday 13 August to 13 September

Letter confirming inflationary up-lift for LD, MH and Community providers	End September
<b>Personal Budgets and Direct Payments</b>	
PB and DP applied if required through the annual review process	On-going during 2023-24
Planning for 2024-25	October/November

## Ward Councillors' comments

19. None this affects all Wards.

## Performance Issues

20. The Department of Health and Social Care (DHSC) begins monitoring the CQC-assessed quality of Harrow-commissioned home care and residential care from July 2023. There will be a national indicator developed as part of this process.
21. Local monitoring already captures the quality of the local market (those providers with an HA postcode as a proxy for a Harrow location) and the quality of care commissioned by Harrow from a provider in any location. The aim is to match the local market standards in the choices of care homes and home care agencies commissioned. There is an element of choice for residents and in exercising their choice may decide to select or continue with a poorly rated agency or home, in the understanding of the risks of their choice.
22. Data for May 2023 suggests the local market ratings are improving as CQC's assessment activity has increased since Covid restrictions and delays to inspections eased.
23. Currently 15% % of care homes located in Harrow are rated "requiring improvement" or "inadequate". Of the care homes commissioned by Adults Social Care, 9.6% fall into these categories.
24. For home care agencies, located in Harrow, 15.9% require improvement or inadequate. The commissioned packages of care by Harrow, including providers both in Harrow and located in other Boroughs, 18% of packages are bought from agencies rated RI or Inadequate.
25. The table below presents the data for all categories.

	Provider Rating	Outstanding	Good	Requiring Improvement	Inadequate
Harrow postcode-based providers	Care Homes	3 (2.8%)	88 (82.2%)	14 (13.1%)	2 (1.9%)
	Home Care	0 (0.0%)	90 (84.1%)	16 (15.0%)	1 (0.9%)
Packages commissioned	Care Homes	35 (5.9%)	501 (84.4%)	57 (9.6%)	0 (0.0%)

by Harrow	Home Care	0 (0.0%)	1002 (81.9%)	222 (18.1%)	0 (0.0%)
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26. The rate increases proposed will therefore need to ensure that Harrow will be able to sustainably purchase enough care and support from the better-rated agencies and care homes in order to get closer to the local market averages. Performance targets have been set to achieve market-level or better performance by March 2024.

### Environmental Implications

27. There are no environmental implications to this report.

### Data Protection Implications

28. There are no data protection implications to this report.

### Risk Management Implications

29. Risks included on corporate or directorate risk register? **No**
30. Separate risk register in place? **No**
31. The relevant risks contained in the register are attached/summarised below. **N/A**
32. The following key risks should be taken into account when agreeing the recommendations in this report:

Risk Description	Mitigations	RAG Status
<b>The three-year offer does not meet market expectation and there are formal notices to hand back care packages</b>	<ul style="list-style-type: none"> <li>▪ Harrow is committed to a 7% increase over 3 years and a one-off payment for 23/24 which represents a realistic and affordable offer</li> <li>▪ Year 1 will see a 2.5% increase to all home care providers and a process to increase costs to LD. MH, CYAD and Day Providers. The Review Panel will consider requests for uplifts and manage those cases where a provider formally gives notice.</li> <li>▪ There are currently 52 providers of home care and 256 bedded care providers. So if care packages are handed back there are other providers in the market who may be able to take them. However whilst</li> </ul>	<b>AMBER</b>



	there is a high number of providers, there may not be capacity or expertise across the market if high numbers of packages are formally handed back.	
<b>There is a judicial review/legal challenge to the level of uplifts being offered</b>	<ul style="list-style-type: none"> <li>Officers have worked with legal to develop Harrow's approach for uplifts for 2023/24 to minimise legal challenge as outlined in the main paper</li> </ul>	<b>AMBER</b>
<b>The temporary nature of the £2m funding boost in 2023/24 creates a financial dependency on the Council which cannot be fulfilled in 2024/25</b>	<ul style="list-style-type: none"> <li>Communication to the market will make it explicitly clear that this is a one-off payment for 23/24.</li> <li>The market will be informed of the Council's commitment to an uplift in 24/25</li> </ul>	<b>AMBER</b>
<b>The Council is required or otherwise obliged to offer levels of uplift over and above what is currently being put forward</b>	<ul style="list-style-type: none"> <li>The Council has set out its 3-year approach to uplifts</li> <li>The Council has built up good/long term relationships with providers</li> <li>Providers may risk reputational damage if they hand back packages</li> <li>If packages are handed they will need to be recommissioned on a case-by-case basis</li> </ul>	<b>AMBER</b>
<b>The cost of new care package increases</b>	<ul style="list-style-type: none"> <li>Processes are in place such as aligning with the WLA rates and applying care cube to agree the cost of new packages</li> </ul>	<b>AMBER</b>
<b>Care quality decreases as a result of the level of the uplifts</b>	<ul style="list-style-type: none"> <li>The commitment to increase by 7% over three years and an additional one-off payment for 23/24 will support providers to maintain and improve quality</li> </ul>	<b>AMBER</b>
<b>Reputational damage to the Council arising from the level of uplifts offered</b>	<ul style="list-style-type: none"> <li>Commitment to increase by 7% over three years and an additional one off payment for 23/24.</li> <li>Communication with the market and implementation timetable.</li> </ul>	<b>AMBER</b>

## Procurement Implications

33. There are no procurement implications for this report.

## Legal Implications

34. Under s5 of the Care act 2014, local authorities have a duty to promote the efficient and effective operation of a market in services for meeting care and support needs.
35. The statutory Guidance(the Care and Support Guidance) provides that Local authorities should consider the contract arrangements they make with providers to deliver services, including the range of block contracts, framework agreements, spot contracting or ‘any qualified provider’ approaches, to ensure that the approaches chosen do not have negative impacts on the sustainability, sufficiency, quality, diversity and value for money of the market as a whole – the pool of providers able to deliver services of appropriate quality.
36. The decision-making process should demonstrate that consideration of the Guidance and knowledge of the local market had been part of the decision-making process.

## Financial Implications

37. The 7% inflationary up-lift over three years has been modelled to ensure that it remains with the financial envelope within the MTFs of £6.196m.
38. Using the cost of all open packages at the end of March 2023 as the baseline the ongoing allocations and uplift percentages are summarised in the table below:

Year	Care Costs	Inflation	Rate
2023-24	£83,975,630	£2,307,342	2.70%
2024-25	£86,242,972	£2,066,710	2.35%
2025-26	£88,269,682	£1,805,394	2.00%
	<b>Total</b>	<b>£6,179,445</b>	

39. The following points/assumptions should be noted in the modelling:
  - The WLA DPS 2023-24 rates used to determine uplifts for standard older people’s bedded care placements are capped at £746 for residential; £803 for residential dementia; £782 for nursing and £804 for nursing dementia placements in Brent and Ealing. Harrow has aligned its uplift standard prices with these two LAs for several years, but this year will limit its increase to 2.5% which will equate to £667 for residential; £725 for residential dementia; £726 for nursing and £746 for nursing dementia placements.
  - The price of care has increased annually through a combination of increased hours for complexity (home care) and increased prices for

new packages (bedded care). This 'price creep' is approximately 10% bedded and 5% community. It is proposed that for Year 2 the inflationary increase will be based on the new prices, this will increase the cost of the 2.35% increase assumed.

- The uplift in 2024-25 will be based on the ongoing uplifted rates of 2.7% and will exclude the one-off uplift (of 2.3%). In practice this will mean that in cash terms, providers will not see an increase in rates in 2024-25 as the 2.35% uplift will be largely equivalent to the one-off increase of 2.3% from 2023-24.
- New packages of care will be agreed through the existing processes – Care Cube for LD and CYAD, WLA rates for Older People and PD. The approach to Mental Health will be agreed.
- The cost of the £2m one off provision in 2023-24 will be funded from the MTFs Budget Planning Reserve. Subject to the finalisation of the 2022-23 Outturn, this reserve stands at £16.4m and hence will be reduced to £14.4m.

## **Equalities implications / Public Sector Equality Duty**

40. Decision makers should have due regard to the public sector equality duty in making their decisions. The equalities duties are continuing duties they are not duties to secure a particular outcome. The equalities impact will be revisited on each of the proposals as they are developed. Consideration of the duties should precede the decision. It is important that Cabinet has regard to the statutory grounds in the light of all available material such as consultation responses. The statutory grounds of the public sector equality duty are found at section 149 of the Equality Act 2010 and are as follows:

*A public authority must, in the exercise of its functions, have due regard to the need to:*

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
- (c) Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

*Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard to the need to:*

- (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;*
- (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;*

- (c) *Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.*

*The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.*

*Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard to the need to:*

- (a) *Tackle prejudice, and*  
(b) *Promote understanding.*

*Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.*

*The relevant protected characteristics are:*

- *Age*
- *Disability*
- *Gender reassignment*
- *Pregnancy and maternity*
- *Race*
- *Religion or belief*
- *Sex*
- *Sexual orientation*
- *Marriage and Civil partnership*

41. Harrow commissions care and support services that are of good quality, inclusive and provide a diversity of provision. The increased funding will sustain provision for those residents with protected characteristics. This will enable more residents to remain in Harrow. A high-level equality impact assessment has been undertaken and has shown a positive impact for the protected characteristics. Further development of the provider market is required to ensure that there is a continuum of provision to meet needs and the demographic profile of Harrow residents.

## **Council Priorities**

42. The recommendation contributes to the Council's priorities: "A council that puts residents first" and "A place where those in need are supported".

## **Section 3 - Statutory Officer Clearance**

**Statutory Officer: Dawn Calvert**

Signed by the Chief Financial Officer

**Date: 15<sup>th</sup> June 2023**

**Statutory Officer: Sharon Clarke**

Signed on behalf of the Monitoring Officer

**Date: 12<sup>th</sup> June 2023**

**Chief Officer: Senel Arkut**

Signed off by the Corporate Director

**Date: 15<sup>th</sup> June 2023**

**Head of Procurement: Nimesh Mehta**

Signed by the Head of Procurement

**Date: 15<sup>th</sup> June 2023**

**Head of Internal Audit: Neale Burns**

Signed on behalf of the Head of Internal Audit

**Date: 15<sup>th</sup> June 2023**

**Has the Portfolio Holder(s) been consulted? Yes**

## **Mandatory Checks**

**Ward Councillors notified: NO, as it impacts on all Wards**

**EqIA carried out: NO**

An EQIA was not completed because this increase applies to all providers in Harrow and there are no negative implications.

**EqIA cleared by: N/A**

## **Section 4 - Contact Details and Background Papers**

**Contact:** Johanna Morgan, Director, People Services Strategy and Commissioning, People Services Directorate

[Johanna.morgan@harrow.gov.uk](mailto:Johanna.morgan@harrow.gov.uk)

**Background Papers:** None

**Call-in waived by the Chair of Overview and Scrutiny  
Committee - NO**