

**AGENDA ITEM**

**REPORT TO CABINET**

**27 FEBRUARY 2020**

**REPORT OF CORPORATE  
MANAGEMENT TEAM**

**CABINET / KEY DECISION**

**Cabinet Member for Adult Social Care – Councillor Ann McCoy**

**ANNUAL INCREASE IN OLDER PEOPLE'S AND MENTAL HEALTH RESIDENTIAL CARE HOME FEES**

**SUMMARY**

This report seeks approval from Cabinet for the annual increase in fees for older people's and mental health residential care homes within the borough.

**REASONS FOR RECOMMENDATIONS/DECISIONS**

To enable Cabinet to approve the annual increase in care home fees from the baseline rate approved by Cabinet in March 2017.

**RECOMMENDATIONS**

That Cabinet

1. Set the rate paid to independent sector Care Homes For Older People for the financial year 2020-2021 as set out in Table A
2. Set the rate paid to independent sector for People With Mental Health Needs for the financial year 2020-2021 as set out in Table B

**DETAIL**

1. The independent market for care and support is of fundamental importance to the local health and social care system. The Care Act 2014 requires the council to help develop a market that delivers a wide range of sustainable high quality care and support services that will be available to residents in the Borough of Stockton on Tees.
2. A duty is imposed under Section 5 subsections 5 (1) and (2) of the Care Act 2014. These provisions set out the duty to promote the efficient and effective operation of a market in services for meeting care and support needs and the matters of a local authority must have regard to in particular meeting that duty including in subsection 5(2) (d) "the importance of ensuring the sustainability of the market (in circumstances where it is operating effectively as well as in circumstances where is not).
3. Subsection 78 (1) of the Care Act provides that the local authority must act under the general guidance of the Secretary of State in the exercise of functions given to it by this part or by regulations under this part." The Secretary of State has issued guidance for the purposes of subsection 78 (1) entitled "Care and Support Statutory Guidance (The Guidance). Chapter 4 of the guidance is headed "Market shaping and commissioning of adult care and support."

4. When buying and arranging these services the Council must consider carefully how they might affect an individual's well-being. There is also an obvious reputational risk for the Council and its partners such as the CCG in failing to sustain an appropriate choice of provision at the required quality. The Care Act also requires the Council to pay a "fair price" for care and at the least to pay at a level consistent with the guidance and insuring the sustainability of the market. The Council clearly want to ensure the providers are able to meet their statutory responsibilities including payment of the national living wage while at the same time commissioning services that are cost-effective and offer value for money.
5. In March 2017 the Council took a decision to increase the fees payable to the independent care home sector. This decision followed a significant engagement with the sector concerning the actual cost of delivering good quality care in Stockton on Tees. That decision which was based on significant evidence from providers has provided the Council with a robust understanding of the Stockton-on-Tees market and the actual cost of care incurred in order to operate as an efficient care home provider in the Borough. It remains as an appropriate basis on which the council has gone on to apply and uplift subsequent years and for the financial year from the 1st of April 2020.
6. The Care Home market in Stockton on Tees has in the medium-term changed very little. Provision is stable despite the ongoing and historic overcapacity in provision. The Council will continue to deliver its market shaping duty described in section 2 of this report to ensure that the market can continue to provide choice but without an excess of supply. The Council will work closely with independent providers to develop further the market particularly into specialisms. A new contracting mechanism will be introduced from April 2020 which will improve the way the Council manages the local market whilst also incentivising quality of care.
7. The most recently published consumer prices index (CPI) 12 months rate was in January 2020. However, it is recognised that a more sensitised approach to adjusting care home fees is necessary to ensure that the additional costs associated with the implementation of the national minimum wage/national living wage and also the rises in utilities are calculated in the full costs. Consequently the uplift rates reflect these issues. The new rates are assessed as sufficient to meet assessed care needs of supported residents.
8. The rationale and methodology for the rate proposed in this report is consistent with the work undertaken over previous years as set out in the Cabinet Report of 16th of March 2017 and subsequent decision records.

<b>Table A</b>			
<b>Care Homes for Older People</b>			
<b>Service Type <sup>1</sup></b>	<b>2019/20 Rate</b>	<b>2020/21 Rate</b>	<b>% Increase from 2019/20 rate</b>
<b>Residential Grade 1</b>	<b>£536</b>	<b>£561</b>	<b>4.66%</b>
<b>Residential Dementia Grade 1</b>	<b>£570</b>	<b>£597</b>	<b>4.74%</b>
<b>Residential Grade 2</b>	<b>£505</b>	<b>£529</b>	<b>4.75%</b>
<b>Residential Dementia Grade 2</b>	<b>£539</b>	<b>£565</b>	<b>4.82%</b>
<b>Residential Grade 3</b>	<b>£490</b>	<b>£514</b>	<b>4.90%</b>
<b>Residential Dementia Grade 3</b>	<b>£524</b>	<b>£550</b>	<b>4.96%</b>

<sup>1</sup> NHS funded nursing care (FNC) is not included in the table as it pays for the nursing or medical care that someone receives in a care home. It does not pay for accommodation costs or social care. A nationally set rate, the Council pays the homes and recovers all the costs from the CCG through the Section 75 lead arrangements in place.

<b>Table B</b>			
<b>Care Homes for People with Mental Health Needs</b>			
<b>Service Type</b>	<b>2019/20 Rate</b>	<b>2020/21 Rate</b>	<b>% Increase from 2019/20 rate</b>
<b>Residential</b>	<b>£520</b>	<b>£543</b>	<b>4.42%</b>

**COMMUNITY IMPACT IMPLICATIONS**

9. Not applicable.

**CORPORATE PARENTING IMPLICATIONS**

10. Not applicable.

**FINANCIAL IMPLICATIONS**

11. The report sets out fee increases for care homes. The increases are included within the Council’s approved budget/MTFP.

**LEGAL IMPLICATIONS**

12. The legal implications and duties engaged by the proposed decision have been summarised and reflected in the body of the report. A key issue is that in order to comply with the duties when setting fees, the Council needs to have due regard to the actual cost of care, in particular in relation to local factors. If it fails to do so there is a potential for legal challenge from providers.

**RISK ASSESSMENT**

13. The decision to set fees for older people and mental health care home services is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

**WARDS AFFECTED AND CONSULTATION WITH WARD/COUNCILLORS**

14. There has been no formal consultation to date with ward members in relation to this issue, although briefings have taken place with the Cabinet Member for Adult Social Care.

**BACKGROUND PAPERS**

15. Older People’s And Mental Health Care Home Services Fees Cabinet Report – March 2017.

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