

**CABINET – 16 OCTOBER 2018****REVIEW OF LONG TERM RESIDENTIAL AND NURSING CARE FEES****REPORT OF THE DIRECTOR OF ADULTS AND COMMUNITIES****PART A****Purpose of the Report**

1. The purpose of this report is to seek the Cabinet's approval to consult on proposed changes to the way in which the Council agrees prices for residential care and residential nursing care.

Recommendations

2. It is recommended that:
 - a) The Director of Adults and Communities be authorised to commence the two-stage consultation exercise on the proposed changes to the way in which the Council agrees prices for residential care and residential nursing care, as detailed in paragraphs 19-26 of this report.
 - b) A further report be submitted to the Cabinet in June 2019 regarding the outcome of the consultation and the proposed way forward.

Reasons for Recommendations

3. The Care Act 2014 places statutory duties on councils to establish a usual price for the care home placements they fund. This price needs to give due regard to ensuring that there are sufficient care and support services in the local market to meet the needs of all people who require care and support. It also places a duty on councils to give due regard to ensuring provider sustainability and viability to enable them to meet their employer duties and responsibilities and provide the agreed quality of care.
4. The Adults and Communities Department undertakes an annual fee review process with the residential and nursing care market, but it has not fundamentally reviewed its pricing structure since 2011. It is recognised that there have been significant changes to the way care and support is delivered since this time and that the demographic of people being permanently placed in residential care by the Council is now different.
5. A fundamental review of the Council's fee structure and fee levels is therefore necessary to ensure this remains fit for purpose and supports a sustainable care market across the County.

Timetable for Decisions (including Scrutiny)

6. Subject to the Cabinet's approval, the first stage of the consultation, focusing on the architecture of the fee structure will commence in early November 2018 for a period of six weeks. The second stage of the consultation, including the proposed fee rates, will then commence in early 2019.
7. The Adults and Communities Overview and Scrutiny Committee will be consulted on the proposed changes at its meeting on 6 November 2018 and will be consulted on the second stage of the consultation process at its meeting on 11 March 2019.
8. The outcome of the consultation, proposals for a revised fee structure and the financial implications of this will be presented to the Cabinet in June 2019. Subject to the Cabinet's approval, implementation of the new rates will be backdated from 1 April 2019.

Policy Framework and Previous Decisions

9. The review of residential care and residential nursing care fees (the fee review) will contribute to the delivery of the following outcomes in the Council's Strategic Plan for 2018-22:
 - Strong Economy; Local residential and nursing care providers will be resilient, helping prevent provider failure;
 - Keeping People Safe; paying providers a sustainable price in Leicestershire will help contribute to keeping people safe, protected from harm, and ensure their wellbeing;
 - Affordable and Quality Homes; Leicestershire has a range of quality residential and nursing care homes.
10. In December 2010, the Cabinet agreed to the introduction of a voluntary Quality Assessment Framework (QAF), under which qualifying providers of residential services are paid enhanced rates.

Resource Implications

11. The estimated gross cost of residential care for adults is forecasted to be £86 million in 2018/19. However, the Council receives £25 million income from charging service users and £8 million from local health commissioning partners through joint arrangements. The net estimated cost is therefore approximately £53 million.
12. The Director of Corporate Resources and the Director of Law and Governance have been consulted on the content of this report.

Circulation under the Local Issues Alert Procedure

13. This report has been circulated to all Members of the County Council.

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PART B**Background**

14. The vision for adult social care is to reduce the number of long term admissions into residential care through increasing the supply and quality of community services as well as the range of alternative accommodation based provisions available. However, there will always be a need for residential care provisions for some individuals.
15. During the financial year 2017/18, there were 852 permanent admissions into residential care in Leicestershire, the majority of which (816) were for people over 65. Placements were made into 161 private care homes and 24 voluntary and not for profit homes. In total, there are approximately 2,100 people currently living in residential and nursing care - 1,700 older adults and 400 working age adults. The total gross Council expenditure for providing such care is projected at £86 million for 2018/19.
16. Residential and nursing care placements made by the Authority for those aged 65+ are currently based on five banded rates as set out in the table below. In reality, only two of these bands are routinely used - Band 3 and Band 5, and are often increased by supplementary needs allowances, third party top ups, or a local authority assisted funding payment meaning the current banded rate payments often do not reflect the actual cost of care provided, or the total fee paid.

Current Banding	Banding Description	Weekly Rate
Band 1	Older People	£394
Band 2	Mental Illness/Drug or Alcohol Dependency	£417
Band 3	Dependent Older People	£466
Band 4	Learning Disability	£483
Band 5	Highly Dependent People/Physical Disability	£555
NRS	(Nursing)	£482

17. Placements for working age adults are made using the Care Funding Calculator (national benchmarking tool) to give an indicative cost band for the individual. The consistent application of this tool is challenging in practice and can lead to significant variations in pricing. The relatively limited number of providers in the working age adult residential/nursing care market also contributes to additional pressure on costs.
18. The proposed fee review will seek to establish a methodology that:
- Reflects the actual cost of providing care efficiently in the local market;
 - Assures value for money and affordability of placements whilst ensuring compliance with the Council's statutory duties under the Care Act 2014;
 - Can be used to calculate the cost of placements for people with complex care needs;
 - Can be altered to reflect changes in local and national requirements;
 - Includes a process for annual fee review.

Proposals

19. The proposed changes which are to be consulted upon are set out below:
- The five band system for older adults, as described above, will be replaced by a simple two band system which will simplify the process and more accurately reflect the needs of residents;
 - The National Care Funding Calculator for Working Age Adults will be refreshed to reflect local costs;
 - Supplementary needs allowances (SNAs) will be standardised to make additional payments to reflect additional complex needs;
 - The current contract, specification and schedules will be updated to reflect current requirements;
 - The premium payments linked to the QAF will be removed and minimum quality standards set as part of the specification;
 - The current annual uplift process will be reviewed and updated in line with the new proposed fee setting process.

Consultation

20. Subject to the Cabinet's approval, a two stage consultation exercise on the proposed changes will be undertaken. This will ensure that the structure for determining the costs is refined and verified before it is populated with actual figures. The second consultation will build on the findings of the first. Further detail on the consultation process can be found in the Appendix attached to this report.
21. Both stages of the consultation will follow the guidance set out in the Council's consultation principles, ensuring that it reaches all relevant stakeholders in appropriate formats, and is open and transparent in the use of information. The consultation will be informed by the findings of the Equalities and Human Rights Impact Assessment (EHRIA) screening, that will be undertaken to support Stage 1 of the consultation, and a full EHRIA assessment will be completed during Stage 2. The results of the consultation will feed into the final EHRIA report, which will be presented to the Cabinet in June 2019.

Consultation - Stage 1

22. The first stage will relate to the proposed changes in the architecture of the fee process, ie the change from the current five band system used for older adult placements to a two band system; the removal of the QAF (a voluntary incentive scheme for providers to get an additional payment for achieving certain quality standards); and the intentions to standardise hotel costs for working age adults placements. Updated standard cost templates, proposed changes to the specification and revised band descriptions will also form part of the first stage of the consultation.
23. This stage of the consultation will commence in early November 2018 for a period of six weeks.

Consultation - Stage 2

24. The second stage of the consultation will include the populated standard cost templates, and driven by those figures the proposed band rates, hotel costs and supplementary need rates. It will also seek views in transitional arrangements for existing Council funded residents and the process for annual uplifts.
25. The Adults and Communities Overview and Scrutiny Committee will be consulted on the proposed changes at its meeting on 6 November 2018 and will be consulted on the second stage of the consultation process at its meeting on 11 March 2019.
26. This stage of the consultation will commence in February 2019 for a period of six weeks.
27. Feedback from the consultation and the final proposed fee structure will be presented to the Cabinet in June 2019.

Equality and Human Rights Implications

28. An EHRIA screening will be undertaken to support the first phase of the consultation. It is likely that the screening will identify the need for a full EHRIA and the first stage of the consultation will be used to inform this. A full assessment will be completed to support the second phase of the consultation.
29. Changes in the fee structure will financially impact on those service users that have been assessed as full cost payers, but who have their care arranged by the County Council which number approximately 170 at this time. In addition, given that the County Council is the single largest purchaser of residential and nursing care in the County, any changes to the fee rates paid by the Authority are likely to have an impact on the wider self-funder market.

Background Papers

Leicestershire County Council Strategic Plan 2018-22

<https://www.leicestershire.gov.uk/about-the-council/council-plans/the-strategic-plan>

Report to Cabinet: 14 December 2010 - Quality Assessment Framework for Older People's Residential and Nursing Independent Care Providers

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=2914&Ver=4>

Promoting independence, Supporting Communities; Our vision and strategy for adult social care 2016–2020

https://www.leicestershire.gov.uk/sites/default/files/field/pdf/2016/3/23/ASC_Strategy_2016_2020_0.pdf

Appendix

Consultation Proposal