

**Standard Charges for Social Care Services**

1. The annual setting of Social Care Charges is proposed as detailed below.

**Recommendations**

1.1 Members are asked to approve the Standard Charges as set out in Table 1.

1.2 Members are asked to approve the Charges as set out in Table 2.

**Standard Charges**

2.1 The Local Authority is required to set standard charges for its Residential and Day Care establishments. These charges are made to other Local Authorities that place their service users in Bath & North East Somerset establishments. Section 43(3) of the 1990 Community Care Act states “that the standard rate shall represent the full cost to the Authority of providing that accommodation”.

2.2 The standard charge is also used for determining the maximum charge that can be made to residents of Local Authority homes. Residents are financially assessed to determine their ability to pay in accordance with the National Assistance (Assessment of Resources) Regulations 1992.

2.3 The weekly charges for Day Centres will only be charged to other local authorities that use them.

2.4 The charges for residential homes (community resource centres) have been separated between charges for existing residents and charges for new residents. The opening of the final home towards the end of 2008/09 has meant that charges have significantly changed due to increased capital charges and single status cost. The charges for existing residents have been capped at 3%.

**Table 1 Proposed Standard Charges**

<b>Type Of Establishment</b>	<b>2008/2009 Charge Per Week (£'s)</b>	<b>2009/2010 Charge Per Week (£'s)</b>	<b>% Change</b>
Community Resource Centres (existing service users only)	501.01	516	3%
Community Resource Centres (new restructured service)		654	
Community Resource Centres (EMI) – existing service users only	549.26	566	3%
Community Resource Centres (EMI) (new restructured service)		677	
Learning Difficulties Hostels	706.95	744	5.2%
Extra Care	256.96	273	6.2%
LD Day Centres – Mainstream (charged only to other Local Authorities)	235.77	256	8.5%
LD Day Centres – Special Needs (charged only to other Local Authorities)	381.91	443	16%
Supporting People – Charge per Hour	19.16	18.37	-4%
LD Supporting People – Overnight rate	185.02	179.45	-3%
Community Day Service Intensive Support – Charge Per Hour	20.82	18.46	-11%
Day Centre Meals – per meal	2.21	2.27	3%
Sedgemoor Floating Support Service – Charge per Hour	17.99	18.53	3%
Community Options Team – Charge per Hour	15.74	13.77	-12.5%
Homecare Re-enablement Service – Charge per Hour	23.40	24.18	3.3%

**Other Charges**

3.1 The Council has discretion regarding charges for Social Care Services. A major review of charges took place in 2008/09 and it is therefore proposed to increase charges by 3%. RPI is currently at 3% (November Office of National Statistics) or at 3.9% excluding mortgage interest but is likely to reduce. Increases are rounded to the nearest 5p or 10p as appropriate. Some charges need to be in denominations of 10 pence to make them easier to collect.

3.2 The table below gives the proposed charges from April 2009.

**Table 2 Proposed Charges**

Service	Current Charge 2008/09	Proposed Charge 2009/10	%age increase
Domiciliary Care – NB Self Funders have no weekly ceiling.	£14 per hour. Weekly ceiling £320 per week.	£14.42 per hour weekly ceiling £330 per week	3.0%
Community Meals	£3.80 per meal	£3.90 per meal	3.0%
Transport	£3 per day	£3.10 per day	3.3%
Community Alarms	£3.50 per week (£2.50 on means tested benefits)	£3.60 per week ( 2.55 on means tested benefits)	2.8%
Supported Living and Extra Care Housing	Fairer Charging assessment with No Ceiling	No change	Will depend on benefit increase

## Appendix 2 Annex 7(ii)

### Uplift to Fees paid to Care Homes under Contract with B&NES

1. The Council is required to set Care Home fees each year. This report sets out the officer recommendation for fee levels for 2009/10 Care Home placements provided by the independent sector.
2. This report and the formula it recommends is about the fees paid to independent care homes by the Council for beds for older people who have been assessed as needing care in a care home and are financially eligible for council funding.
3. The proposed uplift is 3.22% for all care home beds for older people, with an additional £11.50 per week for *general (not dementia) over 65's nursing care beds only*. This payment is to rectify an anomaly by which we are currently paying below the local average for this category of bed.
4. The 3.22% reflects a formula as follows:

- 30% of the increase is based on the All Items Retail Price Index (change over the 12 months preceding the October before the review date)
- 70% of the increase is based on the Annual NJC wage settlement applicable to the generality of Local Authority Single Status employees during the 12 months period preceding the review date.

5. The proposed figures for 2009-2010 fees are in the following table:

CARE HOME FEE LEVELS		Proposed Formula
	2008/09 B&NES Fees	2009/2010 B&NES Fees 3.22% (+£11.50 per week general over 65 NH only)
<b>Residential</b>		
Elderly Over 65	400	413
EMI Over 65	438	452
<b>Nursing</b>		
Elderly Over 65	508	536
EMI Over 65	551	569

### Care Homes for Other Care Categories

6. Fees for placements of people in other client categories, i.e.
  - physically disabled people under 65,
  - people of working age with mental health problems, and
  - people with learning difficulties,

will not automatically have this formula applied. Placements for these categories of service user in care homes, as opposed to various forms of supported accommodation, are relatively few in number, and are generally individually negotiated with providers. In Mental Health there is an ongoing process of re-commissioning with a view to more community based and cost effective models of care. For Learning Difficulties placements there is a regional pricing tool which is used to help structure the process of setting individual placement prices.

7. Our local Providers recognise the financial constraints faced by the Local Authority but have to consider the viability and sustainability of their business. This recognition is reciprocated by Officers, who likewise acknowledge the financial pressures faced by Providers and are keen to retain the strong partnership approach that we have developed with local Providers.

### **Feedback from Consultation**

The timescales for consultation on this proposal has been limited by the fact that the final decision to approve the formula above for consultation was made later than anticipated. A letter was sent to all providers and the representative organisation, Care South West on Tuesday 6th January as well as an email setting out the details of the proposal and inviting comment. However, the general principle of the adoption of a formula –based approach has been informed by previous consultation exercises with our local Care Home Providers.

#### Responses to Consultation

1. My only comment is that this sector in particular is getting a pretty raw deal because of the progressive deterioration in funding over a number of years. This results in an unrealistically low threshold upon which any formula (however it is constructed) is based.

The funding for this sector needs a complete re-evaluation so that a fair price can be established. With an aging population that is growing (the demographics are obvious) and in increasing need of nursing care, independent providers must be given a fair deal. I represent a charity which does not have a profit motive and I know how much it costs to provide a service that meets our clients' ever demanding needs and offers the dignity and excellence of care that we eschew. If we find this difficult how much more those providers who are not charities.

My concern at present is that there is insufficient consultation between B&NES and the very providers upon which it relies; this in spite of the stated aim of B&NES that it desires to work in a spirit of partnership.

I am aware that Care and Support West has expressed its own desire for proper consultation that will lead to a fair price and I look forward to some opportunity for this to occur before too long.

## **2. Response to B&NES proposed annual uplift of 3.22%**

This response has been developed on behalf of Care & Support West by David Smallacombe (Chair of C&SW) and Mik Alban (Development Director) in consultation with:

- Care & Support West's membership
- The Committee
- English Community Care Association (ECCA).

**Date:** 8<sup>th</sup> January 2009

### **B&NES offer for the 09/10 annual uplift**

The offer is 3.22% which has been arrived at using the following formula:

- 30% of the increase is based on the All Items Retail Price Index (change over the 12 months preceding the October before the review date.)
- 70% of the increase is based on the Annual NJC wage settlement applicable to the generality of Local Authority Single Status employees during the 12 months period preceding the review date.

### **Care & Support West – position statement**

Care & Support West believe that Independent Providers have been subject to a range of extraordinary costs over the past 12 months. In addition our view is that margins are currently extremely tight for providers and many of them are struggling to ensure full cost recovery.

If services are not able to recover their costs their viability will be undermined. This obviously has an adverse implication for individual providers, but multiplied up it could potentially do real damage to the whole market place. This is at a time when that market place needs to be supported and invested in, if it is going to effectively meet the challenges of transition required by the 21<sup>st</sup> century.

To ensure the effectiveness of the independent care sector, we believe that statutory commissioning authorities must pay fees that reflect the true cost of service provision, including recovery of recruitment costs, workforce development and a sustainable pay-rate that retains skilled and qualified staff within the sector. Fee increases negotiated in contracted business must take full account of emerging regulatory requirements as well as inflation.

### **Feedback re: cost pressures from ECCA and our members**

#### ***Costs that relate to inflation / the RPI***

The English Community Care Association (ECCA) has estimated that the average overall inflation rate cost for providers is in the region of 6.5%. The RPI for October '08 was 4.2%. C&SW is concerned that as an inflationary measure, the RPI is too broad a spectrum to reflect the reality of the specific cost pressures experienced by Registered Care services. These cost pressures include:

*a) Energy costs*

Members have seen an increase in heating and lighting costs in the region of 40% against last year. Members have cited rises in gas costs from between 28 – 50% and increases in electricity costs from 25 – 30%.

*b) Food costs*

Members have seen an increase in food costs in the region of 24 – 27% against last year.

*c) Fuel costs*

When petrol prices reached £1.00 a litre in September 07, this led the AA to report that 'the average UK petrol driver was paying an extra £4.84 a week (or £252 a year) to fill their tank than a year ago.'

Subsequently petrol prices rose still further to £1.20 a litre. Although they have recently come back to around £0.90 a litre, fuel costs have still been a considerable additional expense for which services have not received sufficient funding.

*Overview*

Although many of these costs have fallen back from their peak in the Summer and Autumn of 08, they are still high and Registered Care Providers have already had to find these costs from within resources that were not designed to do this.

***Concerns re the use of the RPI***

It is too broad spectrum to reflect the reality of the cost pressures experienced by providers of Registered Care services.

It does not take into account mortgage repayment costs which are a legitimate part of delivering a Registered or Nursing Care service. The RPIX (which is used in North Somerset) at least takes these into account.

***Costs that relate to staff salaries / The NJC scale***

*a) Rates of pay*

Pay rates for front line staff within the Social Care sector are proving inadequate to ensure the effective recruitment and retention of staff. This is evidenced by:

- Ongoing staff vacancies
- The level of additional hours staff and proprietors have to put in to ensure the effective running of the service
- The use of agency staff and migrant workers.

We recognize that the recruitment and retention of front line staff is a problem within some of the Local Authorities own services but would argue that this problem is even more significant within Independent sector services where rates of pay and staff benefit packages often falls significantly below that offered by the Local Authority.

Although linking the annual uplift to the NJC scale keeps salary increments in the independent sector in line with those in Local Authorities, it does

nothing to address the imbalance in salaries and terms and conditions. Care & Support West believe that if we are to have an effective social care work force, revisiting staff salaries is a significant part of what is required.

The modest salary levels particularly for front line staff often mean that people can not afford to live on these wages unless it is a second salary. In addition individuals have found that their salary levels have not been able to effectively absorb the cost of living increases experienced over the past year. Employers are therefore going to be under real pressure to deliver increases that are at least in line with inflation or else people will increasingly be faced with the question, can I afford to work in the care sector?

Providers are finding that they are having to re look at salary levels in order to attract and retain staff. In their research of the current market rates, one member found that the base rate for a non-NVQ carer has moved from £5.80 to £6.17 per hour (or an increase of 6.38%) and that for senior staff that this was increasing faster (at around 7.5 – 8%).

The linking of the staff salary component of the uplift to the annual NJC wage settlement current formula does not allow providers to address any of these very real issues.

*b) Increase in the minimum wage*

From 1<sup>st</sup> October 08, the National Minimum Wage for people aged 22 and over has increased by 3.8% to £5.73. Consecutive increases in the NMW have outstripped statutory sector pay awards and are banging on the door of care worker salaries, particularly in older peoples services. Although this would need to be addressed on a case by case basis, it must be recognized that for some care settings, increases in staff salaries may be forced upon it.

*c) Costs associated with employing migrant workers*

The recent changes in the law and the introduction of the points based system will impact on both the availability migrant workers and the costs associated with employing them.

**Costs which fall outside the formula**

Additional costs determined by legislation include:

*a) An additional 4 days holiday a year*

Central Government has introduced legislation to increase staff annual holiday entitlement from 20 days to 28 days (inclusive of bank and public holidays).

We have calculated that the increase (last year) to 24 days, equated to 192 hrs / 2080 hrs (or 9.23%). This represented a 1.53% increase for which providers received no increase in funding and were expected to absorb from existing resources.



09/10 is going to see an additional 4 days increase to 28 days. This equates to 224 hrs / 2080 hrs (or 10.77%) which represents an additional 1.54% increase on the basic wage bill.

Care & Support West recognise that some providers already receive the funding to pay these higher levels of holiday. In these situations we would accept that for the Local Authority shouldn't pay twice.

For other providers however this is not the case and a blanket policy in relation to this is meaning that some providers have had to find these additional resources from their already overstretched pocket. In these circumstances, we believe providers should be able to receive the additional funding.

*b) Pensions Bill*

The Pensions Bill has not come into effect yet, but the current indications are that it will lead to employees being automatically enrolled in a pension scheme (unless they expressly opt out) and employers will be legally obliged to contribute at least 3% of each employee's earnings (within a band). Where providers are already doing this, again the Local Authority should not have to pay twice. Equally however, where they are not, providers should be able to receive the additional funding from the Local Authority.

*c) Waste removal*

These costs are currently spiralling and ECCA have provided figures from members which have seen refuse collection costs increased in April by 9%, and in October by another 5.14%.

The yearly land fill declaration has gone up from £15 to £25 (+ VAT). Services now have to pay to recycle paper etc at a cost of £20 (+ VAT). With the emphasis on reducing landfills and recycling the likelihood is that these costs will continue to increase.

These are additional costs and Care & Support West believe that Providers should be provided with the funding to cover these.

Additional costs determined by regulation:

*d) Additional Health & Safety costs*

There is an increasing focus on Health & Safety with new considerations becoming 'mandatory' leading to additional responsibilities being placed upon providers which leads to them incurring the related costs.

e.g. The cost of a legionella risk assessment is currently £500 a year plus £50 for quarterly tests. An asbestos risk assessment is currently £300 and a fire risk assessment currently £300. In addition there will be costs incurred by any remedial work.

Again these are real additional costs that are not covered by the formula being used and Care & Support West believe that Providers should be provided with the funding to cover these.

*e) Increased administration*

The increased 'professionalisation' of the Care Sector has resulted in a significant increase in administration in order to ensure that the level of documentation, monitoring, and quality assurance is maintained at the required level. We believe that the true cost implications of this are not currently being recognised.

*f) Additional training costs*

There are also additional mandatory training requirements being introduced. Over the years these have included Safeguarding, Mental Capacity Act and now DOLS. Even if providers are able to get the course free through the Local Authority, they still need to pay for the required cover within the service and related travel costs. To date providers have been expected to absorb these costs.

***The lack of ability of the current uplift model to deliver full cost recovery***

Care & Support West believes that the model / formula is not sophisticated enough to capture the reality of the cost pressures experienced by providers.

It's biggest shortfalls are:

- The RPI is too broad a spectrum to reflect the actual inflationary cost pressures within Residential Care services. This year we see a particular discrepancy in relation to 20+% increases in the cost of energy, fuel and food costs which are major areas of expenditure and an RPI figure of just 4.2%.
- It does not provide any return on capital employed.
- Linking to the NJC scale does not allow providers to address the imbalance in salaries and terms and conditions with those experienced by local authority employees. This despite the fact that providers are under a lot of pressure to provide salary and benefit packages that serve to attract and retain good quality staff.
- It doesn't capture non inflationary cost pressures resulting from increased legislative and / or regulatory requirements.

C&SW believes that different service types have different proportional costs and therefore different cost pressures. These differences also occur within different types of residential care services, i.e. those for older people have different proportional costs that those for people with learning disabilities.

Going forward C&SW's view is that it is important for all parties that Providers are assured full cost recovery.

**The importance of convincing central government**

The current nature of the annual uplift 'negotiation' is that the Local Authority offers the Provider sector a figure, there is a nominal opportunity to respond but essentially the resulting agreement is based on a "take it or leave it" commissioning view. The balance of power in this

interaction is held overwhelmingly by the Local Authority and the discussion is not grounded in what Registered Care providers need to deliver the services that are being asked for and that they want to provide, but rather it is based on what the Local Authority can afford to pay us.

In terms of our commitment, and the Governments requirement to improve services for vulnerable people it seems to Care and Support West that commissioners and providers MUST look at the way we do business. It is after all, a fact that somewhere close to 80% of all service users eligible for care receive support in the PVI sector. If the market were to change significantly commissioners would find themselves unable to meet their own statutory responsibilities.

C&SW recognises that Local Authorities may not currently be in a position to deliver the resources providers require to ensure full cost recovery however this must not be the end of the debate, as it has previously been. In the context of the Governments Transforming Social Care agenda which focuses on personalisation, self directed support and citizen commissioning we must **collectively** create an increasingly effective and diverse social care sector.

We need to draw together the local government, private, voluntary and independent sectors and ensure we do not drive existing providers from the market place, who, after all, are only there because they are delivering the services which were being asked for. This is not an effective way to go about transforming social care. If we are to emerge with a market place that is able to accommodate individual wishes, as well as supporting wellbeing and choice the transition requires the serious investment of time and money. Local Councils and the Private sector should be jointly developing care champions as opposed to creating or allowing a commissioner/provider battleground to emerge.

It is C&SW's view is that central government should be our collective focus. We recognize that the introduction of a more realistic fee uplift model will not in and of itself create the necessary funds, but we feel it is an important part of the process of generating evidence about what the true costs of care really are. C&SW recognize the limitations faced by local authorities and will be using its membership of ECCA to lobby central government for realistic resources. We hope that with clear and accurate information available to them, Local Authorities will use the mechanisms they have at their disposal to do the same.



David Smallacombe  
Chair of Care and Support West  
(on behalf of the C&SW Committee and all C&SW Members)