1. PURPOSE OF REPORT

1.1 The purpose of this report is to ask Cabinet to:

- Approve the proposed increase in residential care home fees for 2014/15.
- Note the further work to be undertaken with care home providers during 14/15 and the possible implications for care home fees in future years

2. RECOMMENDATIONS

That Cabinet agrees to:

2.1 Increase the standard residential care home fee rate by 1.9% for 2014/15 (including the increase in pension contributions).

2.2 Increase the residential care fee rate for dementia care by 4% for 2014/15 (including the increase in pension contributions)

3. Report

3.1 There are currently 40 Residential and Nursing Care Home providers on the RMBC Adult care preferred provider list for residential and nursing care. Together these homes provide a total of 1,461 beds (places). The current council fee levels, agreed with providers for 13/14 are as follows:
It is important to note that these rates only apply to care home placements for people financially supported by the council. This is dependent on an individual’s financial resources and whether or not they are a home owner. Care Homes will usually charge different rates for people who fund their own care.

It is also important to note that care homes may provide residential care only, or may provide residential care with nursing. The above rates are for the residential care component only. For service users who require nursing care or nursing care with dementia Heywood Middleton and Rochdale (HMR) Clinical Commissioning Group (CCG) provide a Funded Nursing Care (FNC) contribution of £109.79 per week to meet the nursing requirements. This is in addition to the Council’s set fee.

This report relates only to fee levels for residential care for older people and people with physical disabilities. The council also supports adults with learning disability or mental health needs in residential care placements. In these instances rates are agreed on the basis of an individual’s needs, due to the specialist nature of the care required. It is not proposed that these individually agreed rates will be automatically increased in 2014/15. However, where mental health or learning disability providers are paid the equivalent or less than the standard residential fee rate they will also receive the increased fee rates as outlined in this report.

In addition to the basic fee level the Council has, for the past 2 years, made a Dignity Award Payment to those Care Homes assessed as meeting particular requirements to improve care. This is a local initiative to reward homes that meet a higher standard of service delivery in relation to dignity and respect for service users. In 13/14 this award equated to £4 per week per Local Authority service user placed in the home. The set fee for Care Homes who met requirements for the Dignity Award is, therefore, slightly higher than for those care homes who have not received the award.

The set rate for young physically disabled service users is higher to reflect the higher level of needs for these service users.

The arrangements in Rochdale Borough are broadly in line with other similar councils

<table>
<thead>
<tr>
<th>Placement Type</th>
<th>13/14 rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard residential care</td>
<td>386.00</td>
</tr>
<tr>
<td>Standard residential care with dignity award</td>
<td>390.00</td>
</tr>
<tr>
<td>Residential care for dementia</td>
<td>417.00</td>
</tr>
<tr>
<td>Residential care for dementia with dignity award</td>
<td>421.00</td>
</tr>
<tr>
<td>Residential care : adults with a physical disability</td>
<td>432.00</td>
</tr>
</tbody>
</table>

3.2 The Council currently pays care homes the net cost of the placement with the homes collecting the client’s contribution directly from the service users.

The amount of service user contribution is determined by national guidance ‘Charging for Residential Accommodation’ and benefits increases / levels are set by the Department of Work and Pensions (DWP). Service users supported by the council in residential care homes currently retain a weekly allowance of £23.90, which will increase to £24.55 per week from April 2014, the remainder of their income is used to contribute towards the cost of the care e.g. food, heating and accommodation costs. These rates are nationally prescribed.
The council has in previous years passed on the national rise in benefits/pension to the providers thereby increasing the amount of funding available to the provider to meet the costs of care. It is proposed that in 2014/15 the Council will continue to pass on the national rise in benefits/ pensions to providers.

Providers have also fed back via consultation that the Council paying net does create an administrative burden for them which adds to their costs. As a consequence it is proposed that consideration will be given to paying the care homes gross as part of the further work with providers in 2014/15.

3.3 Clear benchmarking with other local authorities is complex as most councils have a range of different rates, for example for single and shared rooms, and a range of different quality payments. Most councils have more complex payment structures than Rochdale MBC. Taking the above into account Rochdale fee rates are around the average when benchmarked with the North West Authorities for whom benchmarking information is available. Appendix one gives examples of the range of fees in the North West.

Information is not yet available on other council’s intentions regarding the 14/15 fee increase or any changes to quality payments. It is expected that most will be between 0-3 %.

3.4. It is proposed to increase the net payment to standard Care Homes by 1.8% and to pass on the full pension increase to providers. This equates to a total increase of 1.9% on the 13/14 rates. The £4 per bed week increase for those homes awarded the Dignity quality premium for 2013/14 will remain in place.

It is proposed that the quality premium for 2014/15 will be a non-recurrent award of £1,000 per year for homes with up to 30 residents and £1,500 for homes with more than 30 residents.

It is proposed that the rate for placements based on an assessed need for dementia care will be increased by 4%. This relates to approximately 12% of placements supported by the local authority. This recognises the increased need for care and support of older people with advanced dementia. This is part of the adult care commissioning intent to continuously improve the quality of care for people with dementia.

3.5 Adult care continues to work to support people in their own homes wherever possible, and therefore continues to reduce the number of people supported in residential care placements year on year. This is also a requirement of the new Better Care Fund, and is a key part of the work with NHS colleagues to provide care and support at home wherever possible. The number of people supported in residential care is likely to reduce further in 2014/15, and in 2015/16. The needs of people who do need residential care are likely to continue to be more complex, it is therefore essential that the future fee levels for care are sufficient to ensure high quality residential care can continue to be provided.

3.6 The proposal will result in the following standard fee rates for 2014/15 excluding any additional non recurrent Dignity Award payment which providers may qualify for in 2014/15.
<table>
<thead>
<tr>
<th>Placement Type</th>
<th>13/14 rate</th>
<th>14/15 proposed rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard residential</td>
<td>386.00</td>
<td>393.37</td>
</tr>
<tr>
<td>Standard residential with existing dignity award</td>
<td>390.00</td>
<td>397.37</td>
</tr>
<tr>
<td>Residential care for dementia</td>
<td>417.00</td>
<td>433.68</td>
</tr>
<tr>
<td>Residential care for dementia with existing dignity award</td>
<td>421.00</td>
<td>437.68</td>
</tr>
<tr>
<td>Residential care : adults with a physical disability</td>
<td>432.00</td>
<td>440.05</td>
</tr>
</tbody>
</table>

3.7 The proposed Care home fee rates for Rochdale are based on the council’s assessment of the fee level that is required to ensure the provision of residential care home places in the borough which meet quality requirements. This takes account of:
- the number of providers in the borough
- our understanding of the costs of providing care locally including the local employment market
- average pay rates for staff in this sector
- the vacancy levels in the borough
- the stability of the sector

3.8 The proposed rate also takes the financial resources available to the council into account.

3.9 The council has a responsibility to agree a fee level that is sufficient to ensure the availability of residential care home places for our residents, at the required quality. The quality of care is significantly related to leadership and management of a care home, the number of staff, the physical environment and perhaps most of all to the skills, care, compassion and experience of the staff team.

There are many homes in the borough which currently are able to provide a good standard of residential care. Overall information from the Care Quality Commission suggests that the quality of residential care in the borough is similar to that of other councils. The majority of homes have successfully applied for the dignity award. There has been positive feedback from residents during quality assurance visits and homes are proactive in organizing a range of different events/activities to enhance the service provided to their residents and develop links within the community. This includes activities such as work with local schools and specific events for friends and families for example coffee mornings and craft fairs. Not all homes provide the same quality or activities, and not all residents share the same experience of the same home. Work to support homes to continue to develop their range of services and support for residents is part of the adult care quality review process.

3.10 Capacity in the care home sector has been stable over the past 3 years with the number of care homes remaining at 40 over that period, and the number of places they provide also remaining stable. Overall there is a 10% vacancy rate in care homes in the borough; hence there is more than sufficient capacity currently in the borough to meet resident’s needs.

3.11 Both the consistency of quality of providers in the borough and the stability in terms of capacity suggest that arrangements to date have been sufficient to meet the full costs of care.
Alternatives considered

3.12 The Council could decide not to award an inflationary increase because of the financial constraints within which it is operating.

There would be significant risks associated with a decision not to increase care home fees in line with inflation as detailed below

- Some Care homes could become unviable and withdraw from the market thereby reducing the number of care home places available
- Any decision by a care home to cease trading means enforced change for some of the boroughs most elderly and frail residents. This would have a potentially very serious negative impact on the individual older people involved and their families
- Care homes may introduce or increase top up fees, and the council has an obligation to set a rate which does not rely on 'top ups' to be sufficient to meet the costs of care
- Homes may decide not to take council placements reducing choice for people who need residential care and making it more difficult for them and their families
- Some Care homes may reduce staff levels and this will impact on quality
- Some Care homes may fail to provide a good level of food and nutrition which will reduce quality and also impact adversely on the health and wellbeing of residents, also potentially leading to increased hospital admission

Any decision not to make an inflationary payment represents a cut in fee levels and the council would need to be able to clearly demonstrate how this would be achievable by providers and still meet the essential costs of care.

Reason for recommendation

3.13 The proposed increase allows for the current levels and quality of residential care for older people and people with physical disabilities to continue.

The proposed inflationary increase together with the increase in pension contributions is within the resources available to the Council. Whilst it is accepted that both food and energy prices are raising at above this rate these costs form on average around 14% of the cost of providing care. It is therefore considered that the proposed increase allows care homes to maintain their current position, and in the context of the councils reducing budget, that this is a reasonable and realistic offer to care homes.

There is no evidence to suggest that Care homes will refuse to take local authority placements. Most care homes rely on placements funded by the council for around 62.5% of their residents. There are currently on average 150 care home beds vacant at any one time which relates to 10% of the available beds. Adult Care has been working hard to reduce the admissions to residential care within the context of its business plan which aims to support people to remain independent and live at home for as long as possible. This is anticipated to continue, with adult care planning a continued reduction of 5% in 14/15. This is also a key objective of the Governments integration agenda for health and social care.

Care home providers are contacting Adult Care requesting more referrals to fill the vacancies that they are carrying.

Adult Care will work closely with residential care homes over the next 12 months on the strategic direction of the market and the impact of the care bill on their business.
咨询/进行中

3.14  老人院住宿提供者已被咨询关于提议的增加。近年来本地提供者与委员会合作积极并合作性，这一传统持续。

一个会议在2014年2月7日举行，所有区内的老人院住宿提供者都被邀请。十八名提供者参加了会议，其中提议的新费用率基于提议的通货膨胀增加1.5%和2.8%的福利/养老金增加（待确认）。跟会后所有提供者收到了书面确认，要求他们在2月28日星期五下午5点前提交对提议的回复。最初的规定回复日期是在2月24日，但与会者要求更多时间来回复提议，所以咨询期被延长。

一个关于回复的总结如下。

一些提供者在会议中反馈了以下几点：
• 他们面临的成本增加，与食品和能源相关
• 他们正在与费用结构作斗争，这影响了他们的财务稳定性
• 这些需要他们照顾的客户的需求正在增加，这需要更多工作人员
• 因此一些报告说他们减少了非直接护理角色的工作（例如，洗衣助理和厨房工作人员），以及/或者无法更新家具等，并/或者没有进行改善。
• 一些出席了会议的老人院住宿提供者对委员会的财务立场有现实的看法。

除了以上会议中的意见，两家提供者在信中作书面回复，另外一人通过电子邮件。收到的书面回复的关键点如下：

提供者1：
• 老人院的费用率在罗奇代尔低于Laing和Buisson对北威士敏斯特的护理费用的报告。
• 这可能导致老人院增加额外的费用，或者增加额外的费用。
• 这会减少重新投资于护理院所提高的标准，从而降低护理院的标准。
• 减少工作人员培训和管理支持的费用，影响服务的提供。
• 增加了对护理院的鉴定要求，但提供的资源不足。
• 尽管欢迎尊重，但金额非常少。
• 很难准确计算在罗奇代尔的护理费用，因为许多变量，例如，居民数量。
• 了解罗奇代尔的政府资金低于其他理事会但是委员会应该根据需要优先考虑。
• 建议委员会应该将费用率提高3%。

提供者2：
• 费用增加在过去两年中显著低于通货膨胀，导致收入下降。

外文：
Consultation proposed/undertaken

Care home providers have been consulted on the proposed increase. Over recent years local providers have worked positively and cooperatively with the council, and this has continued.

A meeting was held on 7.02.14 to which all Care Home Providers within the Borough were invited. Eighteen providers attended the meeting where the proposed new fee rates were put to providers based on a proposed inflationary increase of 1.5% and a 2.8% benefits/ pension increase (subject to confirmation). Following the meeting all providers received written confirmation of the proposal and were asked to submit any responses to the proposal by 5 pm on Friday 28th February. The original deadline for responses had been 24th February 2014 but at the meeting providers requested more time to respond to the proposal and so the consultation period was extended.

A summary of the responses is detailed below.

Some providers fed back the following points at the meeting:

• That they faced increased costs associated with food and energy
• That they were struggling with the fee structure and that this was impacting on their financial viability
• That the needs of the clients that they care for are increasing which requires more staff
• That as a consequence some reported that they had reduced staff in some non-direct care roles (for e.g. laundry assistants and kitchen staff), and /or had been unable to renew furniture etc. and/or carry out improvements to the home.
• Some Care Home providers who attended the meeting were realistic about the council’s financial position.

In addition to the above responses at the meeting two providers responded in writing to the letter and one sent an email. The key points from the written responses received from care home providers are as follows:

Provider 1:
• Care home fee rates in Rochdale are lower than those quoted in the Laing and Buisson review of care home fees for the North West.
• This could lead to care homes charging top up fees or increasing top up fees.
• There are reduced opportunities to reinvest in care homes and improve standards, thereby reducing the standards in care homes.
• Reduced funds for staff training and management support for staff in care homes impacting on service delivery.
• Increased regulation requirements with reduced resources available to meet them.
• The dignity award whilst welcomed is a very small amount of money.
• It is difficult to accurately establish the cost of care in Rochdale because of the many variables that contribute to them e.g. number of residents, mortgage etc.
• An appreciation that Rochdale’s funding from government is lower than other councils but that the council should prioritise its spend in the right places i.e. frail older people.
• It was suggested that the council should increase the residential fee levels by 3%.

Provider 2:
• Fee increases for the last two years have been significantly below inflation which has led to a reduction in income in real terms because of increased costs e.g.
National Minimum Wage, pension enrolment costs, food, utilities, insurance premiums and the increased costs of training.

- The increased costs have led to a disparity between the fees Rochdale are paying and the costs of care.
- The provider feels that an urgent review of the fees is required to ensure that the council is meeting its legal obligation to set fees at a fair level.

During the consultation process one provider initially indicated that they would not accept the new rate. A meeting has since taken place with this provider who was open and transparent about their finances and agreement was reached that the proposed fee increases were acceptable to the provider for the next 12 months as long as more detailed work on the cost of care in Rochdale takes place with all residential care providers in that time period. This provider has, therefore, changed their position about objecting to the proposed new rate.

A meeting also took place with the other provider who submitted a written response to the consultation. The provider expressed the view that the council is starving the care home sector of funds and they emphasised the squeeze on providers because of the increases in costs, particularly for the smaller homes which are not part of large national provider services. They were particularly concerned about the impact of the proposed increase in the minimum wage by 3% which will come into force in October 2014. They also suggested that it would help care homes if the fees were paid gross instead of net by the council as this would reduce the administrative burden on them. They felt a slightly higher inflationary increase would make the care home sector more sustainable. They were happy to work with the council over the next 12 months to understand the impact of integration and the care bill and to do more work on the cost of care.

A third provider emailed to say that they were okay with the proposed increase but that it would need to be reviewed in light of the proposed increase in the minimum wage by 3%, which comes into effect in October 2014.

A key priority for the Adult Care commissioning team will be to work closely with providers on the strategic direction for the sector within the context of the health and social care agenda and the changes as a consequence of the care bill. Consideration will also be given to paying the care home fee gross to providers instead of net.

The first, second and third providers’ request that more detailed work on the cost of care in Rochdale take place with all residential care providers over the next 12 months, is addressed by 3.13 above.

It will also be noted that the second provider’s suggestion that the council pay fees gross instead of net of client contribution is to be considered as part of that further work with providers in 2014/2015 (see 3.2 above).

4. FINANCIAL IMPLICATIONS

4.1 The basic increase in care home fees of 1.9% is estimated to cost £270k based on the current number of placements being supported. This will be funded partly by an increase in client contributions £89k (2%) and partly from the Adult Care budget £181k (1.8%). In addition to this, the proposal to increase the residential placements with dementia needs to a gross increase of 4% is estimated to cost an additional £54k based on the current number of placements.

4.2 The cost of the increases relating to the dignity quality payments is anticipated to be £40k based on the number of homes currently meeting this criteria.
4.3 The overall increased costs being funded by Adult Care is estimated to be £275k which is within the inflationary uplift in the budget set for 2014/15 for the care homes.

5. LEGAL IMPLICATIONS

5.1 In setting care home fee rates the Council is required to have due regard to the actual costs of providing care and other local factors. It must also have due regard to Best Value requirements under the Local Government Act 1999.

The Council should be able to demonstrate when setting its usual costs for care home fees that this cost is sufficient to allow it to meet the assessed care needs and to provide the residents with the level of care services that they could reasonably expect to receive if the possibility of top ups did not exist.

Case law on the setting by a local authority of its usual costs for care home fees indicates that the authority must consider:

- Whether any local factors militate against the use of national benchmark staffing levels
- The adverse impact on residents of a reduction in staffing levels
- Local circumstances and the possible consequence for providers and residents
- The effect on the provider and/or residents of inflation and changes to other costs.

Insofar as these factors are present, they do appear to have been taken into consideration in the framing of the proposal that is before Members.

As part of the exercise to secure the information to which it is required to have regard, the authority has consulted with the providers of local care homes. That consultation has included meeting with them face-to-face at a meeting to which they were all invited; receiving verbal responses from them at that meeting and subsequently; and receiving written responses. Certain providers making written responses were contacted again and met with separately in order to further elaborate, clarify and discuss their responses.

The consultation with the home providers appears to have been complete, timely and meaningful, capturing the full range of providers affected and offering them sufficient information and sufficient time to provide a considered response.

6. PERSONNEL IMPLICATIONS

6.1 None

7. RISK ASSESSMENT IMPLICATIONS

<table>
<thead>
<tr>
<th>Risk Identified</th>
<th>Assessment / Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk of legal challenge</td>
<td>Local Authorities are required to take the cost of care into account, and to consult with providers on fee levels. Local Authorities are not however legally required to pay fee levels in line with the cost of care and can take their resources into account.</td>
</tr>
<tr>
<td>Risk of significant increase on the national minimum wage which could affect the assessment of the fee level required</td>
<td>The impact of the increase in minimum wage on care home fee rates will need to be considered once the government has made a decision on this matter.</td>
</tr>
</tbody>
</table>
Risk of increased applications from residential care homes with dementia registration for dementia placements  | Dementia placements will be on assessed needs not at the behest of the residential care providers

8. **EQUALITIES IMPACTS**

8.1 **Workforce Equality Impacts Assessment**

There are no *(significant)* workforce equality issues arising from this report.

8.2 **Equality/Community Impact Assessments**

An equality impact assessment is attached as appendix 2.