

**COMMISSIONING AND PROCUREMENT SUB-COMMITTEE**  
**13 February 2018**

<b>Subject:</b>	FEE RATES FOR ADULT SOCIAL CARE SERVICES 2018/19		
<b>Corporate Director(s)/ Director(s):</b>	Candida Brudenell, Corporate Director of Strategy and Resources Katy Ball, Director of Commissioning and Procurement		
<b>Portfolio Holder(s):</b>	Councillor Nick McDonald, Portfolio Holder for Adults and Health		
<b>Report author and contact details:</b>	Kaj Ghattaora <a href="mailto:Kaj.ghattaora@nottinghamcity.gov.uk">Kaj.ghattaora@nottinghamcity.gov.uk</a>		
<b>Key Decision</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>Subject to call-in</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Reasons:</b> <input type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision			<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Total value of the decision: £2.657m</b>			
<b>Wards affected:</b>	<b>Date of consultation with Portfolio Holder(s): 26<sup>th</sup> January 2018</b>		
<b>Relevant Council Plan Key Theme:</b>			
Strategic Regeneration and Development			<input type="checkbox"/>
Schools			<input type="checkbox"/>
Planning and Housing			<input type="checkbox"/>
Community Services			<input type="checkbox"/>
Energy, Sustainability and Customer			<input type="checkbox"/>
Jobs, Growth and Transport			<input type="checkbox"/>
Adults, Health and Community Sector			<input checked="" type="checkbox"/>
Children, Early Intervention and Early Years			<input type="checkbox"/>
Leisure and Culture			<input type="checkbox"/>
Resources and Neighbourhood Regeneration			<input type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>			
<p>This report presents proposals for fee rates in 2018/19 across adult social care contracted provision. This also takes into account the National Living Wage rate from April 2018. The Council is contractually bound to consider fee rates on an annual basis where it has a statutory duty to provide a service. The Council will consult with providers on these proposals during February / March 2018.</p>			
<b>Exempt information:</b>			
<b>State 'None' or complete the following.</b>			
<p>Appendices to this report are exempt from publication under paragraph 3 and paragraph 5 of Schedule 12A to the Local Government Act 1972 because it contains commercially sensitive information relating to the Councils pricing structure and financial modelling. Having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. : Legal advice is exempt from publication under paragraphs 5 of Schedule 12A to the Local Government Act 1972 because it contains information which is subject to legal professional privilege and having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. It is not in the public interest to disclose this information because to disclose could prejudice the ability of the decision maker to consider the decision and associated advice in its entirety.</p>			

<b>Recommendation(s):</b>	
<b>1</b>	To approve proposals which will be consulted on with service providers for fee rates in 2018/19 for Adult Social Care Services as outlined in the exempt appendix pricing detail.
<b>2</b>	To delegate authority to the Director of Commissioning and Procurement to agree fee rates in accordance with the proposals detailed in the exempt appendix pricing detail. This is subject to the outcome of consultation with providers and in line with the Council budget.
<b>3</b>	To approve the total spend associated with this decision of £2.657m.. Note: Approval to spend against the high cost placement provision (£0.474m) will be through the Council's scheme of delegation for Adults Care Packages.
<b>4</b>	To delegate authority to the Director of Commissioning and Procurement to agree any adjustments to residential and nursing fee rates in accordance with the final Valuing Care report, within the available budget.

## **1 REASONS FOR RECOMMENDATIONS**

- 1.1 The Council is contractually bound to consider fee rates in respect of services that it has a duty to provide. This is balanced against budget commitments and pressures for the City Council.
- 1.2 In accordance with its legal obligation, the Council will consult with adult social care providers with regard to these proposals. The director of Commissioning and Procurement will take account of consultation responses and issue variations to existing contracts reflective of the proposals in this report should no significant issue arise.

## **2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

- 2.1 The Council has a legal duty to consider fee rates for social care contracted services. The Council also has a policy to pay the Nottingham Living Wage in respect of all services that it directly commissions. Following the budget announcement in July 2015, the government has also made a commitment to introduce the National Living Wage (NLW). Inflationary fee rate modelling is therefore key to enable social care providers are able to meet NLW and other inflationary pressures, and manage the social care market.
- 2.2 Officers from the City Council have undertaken analysis of the potential impact of fee rates on adult social care providers meeting National Living Wage requirements as well as other pressures such as cost of living, pensions, profit and voids. This analysis has also considered budget savings required across adult provision as a consequence of ongoing reductions in the funding the Council receives from central government. Officers from finance, procurement, contracting and legal have been involved in formulating these proposals.
- 2.3 Analysis has been undertaken on a sector by sector basis across the social care budget. This has taken place against a backdrop of increased demand for social care provision as a result of demographic pressures, policy change and increased difficulty in attracting workers into the care sector due to increased competition from other sectors.

National Living Wage (NLW) increases were announced in the 2017 Autumn Statement by central government. The increase in the hourly rate is 33p per hour, from £7.50 to £7.83 per hour.

### **3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

- 3.1 Do nothing – we are contractually bound to review contract fee rates on an annual basis. Doing nothing would have placed the Council at risk of legal challenge. For this reason, this option was rejected.
- 3.2 Offer different fee rate proposals. This option has been rejected as the inflationary rise proposed has resulted from significant work and modelling between finance and contracting colleagues, taking into account our contractual requirements, knowledge of the market and the overall budget pressures for Adult Social Care. The final proposals have also tried to take into account the risk on service delivery and market failure. Offering different fee rate proposals would put pressure on the Adult Social Care budget and this is not a feasible option.
- 3.3 To undertake analysis of individual provider costs and offer fee rates based on the cost of care to factor wage rates paid, pension contributions, profit and void levels etc. This option has been rejected as it will be administratively burdensome and not feasible at this time and problematic as rates of pay and other factors are not standard across the sector. It is however proposed that a review is undertaken in 2018/19 to establish the true cost of care across the social care sector collectively rather than in isolation and enable consideration of service requirements in line with Central Government funding.

### **4 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY VAT)**

- 4.1 Finance comments are contained within an exempt appendix

### **5 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)**

- 5.1 Legal comments are contained within an exempt appendix

### **6 STRATEGIC ASSETS & PROPERTY COLLEAGUE COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE (STRATEGIC REGENERATION COMMITTEE REPORTS ONLY)**

- 6.1 None applicable

### **7 SOCIAL VALUE CONSIDERATIONS**

- 7.1 None applicable

### **8 REGARD TO THE NHS CONSTITUTION**

- 8.1 None applicable

### **9 EQUALITY IMPACT ASSESSMENT (EIA)**

9.1 An EIA is not required because this report is solely concerned with adjustment to existing contractual values

**10 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)**

10.1 None

**11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT**

11.1 None