

**NORTH LINCOLNSHIRE COUNCIL**

**ADULT SERVICES  
CABINET MEMBER**

**FEES REPORT**

**1. OBJECT AND KEY POINTS IN THIS REPORT**

- 1.1 This report seeks to explain the outcome of the annual review of fees which are paid for services purchased by Adult Social services during 2011/12.
- 1.2 The report suggests that improving the quality of care for older frail residents continues to be our priority.
- 1.3 That the practise of negotiating individual fees for specialist services ceases.

**2. BACKGROUND INFORMATION**

- 2.1 Each year the service reviews the fees paid for the provision of care and support services.
- 2.2 This year we have had to consider the unprecedented pressure on the Local Authority budgets.
- 2.3 The approved budget ensures the same level of service continues to be provided, but that we continue to develop the external market to ensure it is able to take on new and creative solutions to meeting people's needs.
- 2.4 Despite these pressures we remain committed to ensuring that services we do purchase on behalf of vulnerable people are of the highest quality.
- 2.5 Fees paid to specialist providers are negotiated on an individual basis but not subject to any formal procurement process, which means no focus on quality.
- 2.5 There is a strong relationship with the Elderly Care Home sector. Together we continue to discuss and develop the quality scheme, which targets the higher fee to those services that demonstrate quality services.

2.6 There are over 40 care homes for people aged over 65 years in the area providing in excess of 1400 bedrooms. Of these NLC purchase, including respite care, 715 places. The majority of people residing in homes are aged over 82 yrs and very dependant.

2.7 The specialist services have lower volumes of people but with higher costs.

### **3. OPTIONS FOR CONSIDERATION**

3.1 Option 1 No fee increases to any service. To make any request by specialist providers to increase fees subject to a market testing exercise.

3.2 Option 2 To increase all fees to all services.

3.3 Option 3 To focus on incentivising quality older peoples residential care.

### **4. ANALYSIS OF OPTIONS**

4.1 Option 1

Given the pressure on budgets this year any fees paid to any providers produce a further pressure. Some service areas are being tendered this year so that process will manage the price setting against firm evidence and value for money assessments and be the subject of further cabinet reports. Due to the high cost of specialist services and longevity of placement, these negotiations must be brought into the procurement rules. No increase in fees for any service will create a real saving as providers will need to manage inflationary cost increases within the current agreed rates paid by the council.

4.2 Option 2

The budget for external services is in excess of £23m a broad based increase creates a huge pressure in the budget and fails to target quality.

4.3 Option 3- The preferred option

The Service continues to work closely with residential care providers and has stated its commitment to increasing fees for residential care to older people, but ensuring that any increase incentivises quality. The overall service budget plans include a reduction in long term placements over the coming years utilising telecare solutions as alternative.

## 5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

### 5.1 Financial Implications–

Category	Current Fee April 2010 £	Proposed Fee April 2011 £
Basic Fee	<b>333.50</b>	<b>333.50</b>
EMI rate	<b>383.50</b>	<b>383.50</b>
Revised Quality Payment Scheme	<b>0.58</b>	<b>0.68</b>
Day Service Standard	<b>23.54</b>	<b>23.54</b>
Day Service Enhanced	<b>31.39</b>	<b>31.39</b>

The additional cost of increases in the quality payment premium can be met from the inflationary uplift in the approved budget.”

Implementation date for the inflationary uplift will be 1 April 2011.

The current Hourly rate for Direct Payments is £9.00; it is proposed that this be increased to £9.18 in alignment with the council’s budgeted inflation levels.

It is proposed that there is no uplift in the hourly home care rate of £12.54.

5.2 Staffing implications – There are potential pressures on the procurement team if all specialist services require market testing and become subject to procurement and part of the budget plan procurement process are expected to make a 10% saving.

5.3 Property implications - None

5.4 IT implications – All future placement negotiations will be made on the Corporate IT system.

## 6. OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 - CRIME AND DISORDER, RISK AND OTHER)

6.1 Statutory implications – The current statutory review for service users will continue

- 6.2 Environmental implications – None
- 6.3 Diversity implications - None
- 6.4 Section 17 – Crime and Disorder implications - None
- 6.5 Risk and other implications - None

## 7. **OUTCOMES OF CONSULTATION**

- 7.1 Consultation on this has been limited this year due to the budget setting process, however the care home sector continues to meet with officers throughout the year.

## 8. **RECOMMENDATIONS**

- 8.1 Cabinet member is asked to support the proposed increase in the Quality Payment Scheme for older peoples services and Direct Payments only.
- 8.2 Cabinet Member supports the proposal to subject any request for increases in specialist service fees to be subject to the relevant procurement process and no negotiation occurs without this.

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**Background Papers used in the preparation of this report - None**