

**THIS ITEM IS FOR INFORMATION ONLY  
(Please note that "Information Only" reports do not  
require Equality Impact Assessments, Legal or  
Finance Comments as no decision is being taken)**



**Portsmouth**  
CITY COUNCIL

**Title of meeting: Cabinet**

**Subject:** Adult Social Care - Care Costs

**Date of meeting: 12 March 2019**

**Report by: Innes Richens, Chief Health & Care Portsmouth**

**Wards affected: All**

---

**1. Requested by**

Councillor Matthew Winnington, Lead Member Health Wellbeing & Care

**2. Purpose**

To provide an update on funding for care costs

**3. Information Requested**

Adult Social Care (ASC) nationally is facing significant financial pressure. The planned Green Paper, enabling consultation on the options for a sustainable funding solution has been delayed.

In November 2018 the Local Government Association produced a report called The Lives We Want to Live, which set out recommendations for the delivery of social care, and highlighted the potential funding gap, predicted to be £3.56bn by 2024/25<sup>1</sup>.

For Portsmouth the financial pressures are significant, with a current overspend for 2018/19 for adult social care of £3.9m (10% of net budget) and a corporate saving requirement of £4m for 2019/20 with ASC being required to find £966k

ASC has developed a strategy to deliver an in balance and sustainable solution by 2021/22.

The majority of ASC's budget is spent through externally commissioned services (£51.2m) of the gross spend of £75.3m

Each year an uplift is applied to increase the rate paid to providers. For 2019/20, the offer made to Providers in January 2019 was 2.7%. This resulted in a challenge from Hampshire Domiciliary Care Association and Hampshire Care Association, who did not feel the offer was sufficient to cover the costs they would need to apply to meet financial changes with their workforce, including the changes to the Living Wage, pension auto-enrolment etc.

**THIS ITEM IS FOR INFORMATION ONLY  
(Please note that "Information Only" reports do not  
require Equality Impact Assessments, Legal or  
Finance Comments as no decision is being taken)**



Changes to zero hour contract legislation from 2019/20 will require providers to ensure that they meet holiday and sick leave requirements for any workers employed on zero hour contracts. We do not have detailed information about the number of carers employed on zero hour contracts but believe that the percentage is relatively small.

Within Portsmouth, the rate paid to providers takes in consideration of travel time within the hourly cost. There are undoubtedly challenges for providers, and travel time is often raised as a national issue, but PCC has made an allowance travel time for many years within contracts with providers

Changes to The Living wage will see an increase of £0.38 per hour for workers over the age of 25 from April 2019. The impact of changes to pension auto-enrolment also has a significant impact on providers, with take up of pensions reported to be high. It is a legal requirement that people are paid the Living Wage, and it is believed that providers comply with all aspects of the law including pay. There have been no concerns raised to adult services in relation to non-payment of the Living Wage, which provides a level of assurance to the service.

If the full cost of changes to the Living Wage were absorbed by adult services this would incur an additional cost of circa £0.8m per annum. This would not be a sustainable position for the service within the current funding envelope.

As with the changes to The Living Wage, the impact of Brexit is also very difficult to accurately predict. Existing workers from the EU will be able to apply for 'settled status'. There is however a high turnover within the sector

In order to deliver a long term sustainable solution for domiciliary care an Intervention was commissioned in 2018 to look at the current service and what needed to change going forward to deliver the stated purpose of '*Enable me to stay at home, to live the life I want to live*'. A review of over 400 cases revealed a great deal of duplication and progress chasing which created enormous hidden costs to the system. This identified 2 key drivers

- Fragmented service design
- Standardised commissioning/billing
- Redesigning the service has commenced and will run until July 2019. The key features of this part of the process has been
- Integration of Social Work and the Provider
- Dynamic feedback, which informs decision making
- Standardised delivery times have been eliminated
- Clients are billed on actual minutes delivered

The team is currently delivering 130 care calls a week and to date have had

- No failure demand (progress chasing/ duplication)
- No hospital admissions
- High customer satisfaction
- Changes and improvement to the rota based on studying the variation in care-delivery times.

**THIS ITEM IS FOR INFORMATION ONLY  
(Please note that "Information Only" reports do not  
require Equality Impact Assessments, Legal or  
Finance Comments as no decision is being taken)**



Representatives from Hampshire Care Association, Hampshire Domiciliary Care Association as well as the City Council and Clinical Commissioning Group met on February 6 2019 to discuss concerns raised. The discussion recognised that:

- The current stability of the care market, whether provided by public or independent sector, has been significantly affected by the sustained reductions in Local Authority grants and funds over the past five years. The care provider sector will want and need to meet National Living Wage expectations though this compounds an already difficult situation.
- The annual process of reviewing, offering and negotiating the inflationary uplift consumes time and resource for all parties, occurs late in the year and may be a barrier to joint working on the key challenges in the sector. PCC/CCG are seeking to establish a different way of working with representatives of the sector.
- All recognise the significantly challenging financial context in which we are operating. Information on the Council's adults budgetary position, costs and spend were shared. The additional monies announced for social care in the autumn budget were specifically discussed; the Council has invested these additional monies directly into care including funding the 19/20 inflationary uplift. PCC/CCG would be willing to routinely provide a financial update to the sector on the adult social care budget position in order to build shared understanding.

There were a number of areas of work, that it was acknowledged could provide a medium to long term solution including:

- Greater use of technology
- Workforce issues including pay and retention of staff
- Complexity of care, in particular caring for people with challenging behaviours is becoming more common and requires care providers to flex the amount and type of support often at short notice
- The complexity of multiple regulatory frameworks
- Pressure from the acute hospital
- The current contracting approach to bed occupancy/voids is unhelpful and requires a review.

Following the discussion proposals for a way forward were agreed:

- **Review and agree a more realistic standard rate** for residential and nursing placements – reflecting on the current increasing trend for individually negotiated rates, this does not allow either the sector nor PCC/CCG to conduct reasonable financial and resource planning nor have confidence in the future availability of placements. Individually negotiated rates also increases administrative burden for all parties.
- **Change the process for agreeing short-term changes in care** when individuals require enhanced care – enabling providers to flex care when required without waiting for an authorisation process to complete; agreement will be needed about how we can mutually control and review changes in care in order to ensure we are using our collective resources and finances in a managed way.
- **Remove the restriction from current Direct Payments** that effectively 'caps' the use of Direct Payments at PCC standard rates and will allow providers to charge their private rate if individuals with Direct Payments choose to utilise their service.

**THIS ITEM IS FOR INFORMATION ONLY  
(Please note that "Information Only" reports do not  
require Equality Impact Assessments, Legal or  
Finance Comments as no decision is being taken)**



- **Move to a 'block contract' approach** where there is regular and sustained demand and supply from a care provider, establishing longer term contracts with providers that incorporates agreed levels of activity and quality/outcomes, allows providers to manage their resources flexibly to deliver the contract and build in consideration of cost base, inflation, bed occupancy or voids and seeks to reach mutual agreement about how cost pressures can be managed. We would also want to reduce the burden of contract reviews as part of this process. In adopting this approach measures will be agreed with the provider to ensure that the council are able to manage quality and value for money. Contract monitoring will be established which will provide assurance as well as create a flexible approach which will enable reviews to be brought forward should the need arise. There will be data produced indicating whether or not a provider is able to deliver the volume of work and joint working with the joint PCC and Portsmouth Clinical Commissioning Group (PCCG) Quality team will ensure quality metrics are in place and reviewed.
- **Co-design and introduce 'quality premiums'** – additional payments based around improving specific and mutually agreed quality improvements.

Immediate and medium term actions were agreed as follows:

Immediate Actions:

- Convene a specific working group to review and agree standard rates for the residential and nursing care sector, aiming to complete this by the end of February:
- Review the authorisation process for requests to flex/enhance care when an individual's needs change – by the end of February
- Increase the current 2.7% 19/20 inflationary rate to 3.0%
- Work with care providers to prepare a submission for funding to support work on use of technology in care

Medium term actions:

- To convene a joint task and finish working group to:
- Co-design longer term contracts that move towards agreed costs, quality improvements and activity over longer time periods and potentially replace individually agreed placements where there is a sustained demand for care from a particular provider
- Design and agree quality premiums and a practical approach to managing any supporting processes
- Review the current local quality, contracting and regulatory reporting requirements being placed on the care sector by PCC and CCG in order to align and reduce these
- Review potential mental health crisis response support for care providers
- Reconvene this group at the beginning of March

.....  
Signed by (Director)

**THIS ITEM IS FOR INFORMATION ONLY  
(Please note that "Information Only" reports do not  
require Equality Impact Assessments, Legal or  
Finance Comments as no decision is being taken)**



**Portsmouth**  
CITY COUNCIL

**Appendices:**

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

<b>Title of document</b>	<b>Location</b>
<a href="https://futureofadultsocialcare.co.uk">https://futureofadultsocialcare.co.uk</a>	

---

<sup>1</sup> <https://futureofadultsocialcare.co.uk>