



**Author/Lead Officer of Report:** Joe Horobin –  
Head of Commissioning

**Tel:** 0114 2735060

**Report of:** Jayne Ludlam  
**Report to:** Cabinet  
**Date of Decision:** 20<sup>th</sup> March 2019  
**Subject:** Maintaining a stable adult social care market in Sheffield

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
- Expenditure and/or savings over £500,000	<input checked="" type="checkbox"/>	
- Affects 2 or more Wards	<input checked="" type="checkbox"/>	
Which Cabinet Member Portfolio does this relate to? ( <i>Health and Social Care and Children, Young People and Families</i> )		
Which Scrutiny and Policy Development Committee does this relate to? ( <i>Healthier Communities and Adult Social Care Scrutiny and Policy Development Committee</i> )		
Has an Equality Impact Assessment (EIA) been undertaken?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
If YES, what EIA reference number has it been given? ( <i>470</i> )		
Does the report contain confidential or exempt information?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-		
<p><i>“The (<b>report/appendix</b>) is not for publication because it contains exempt information under Paragraph (<b>insert relevant paragraph number</b>) of Schedule 12A of the Local Government Act 1972 (as amended).”</i></p>		

**PLEASE SEE APPENDIX 1-5 FOR FURTHER MARKET INFORMATION/ANALYSIS**

**Purpose of Report:**

This report sets out the process that the Council has followed to propose fair and sustainable fee rates for independent sector care home, home care, extra care and supported living providers in Sheffield for the financial year 2019-20

**Recommendations:**

1. To approve an inflationary uplift fee rate of **3.89%** for standard rate care homes
2. To approve an inflationary uplift to fee rates of **4.24%** for home care, extra care ( care element only) and supported living providers on the Council's standard contracted and framework rate.
3. To delegate authority to the Executive Director of People in consultation with the Director of Adult Services and the Cabinet Member for Children, Young People and Families and Cabinet member for Health and Social Care to agree any appropriate and proportionate fee increases requested by recipients of Direct Payments and care providers who are not on the Council's standard contracted and framework rate on a case-by-case basis.
4. To delegate authority to the Executive Director of People in consultation with the Director of Adult Services and the Cabinet Member for Children, Young People and Families and Cabinet member for Health and Social Care to agree any appropriate and proportionate fee increases requested by care homes outside Sheffield because cost pressures will vary from place to place.
5. To delegate authority to the Executive Director of People in consultation with the Director of Adult Services and the Cabinet Member for Children, Young People and Families and member for Health and Social Care to take all other necessary steps not covered by existing delegations to achieve the outcomes outlined in this Report.

<b>Lead Officer to complete:-</b>							
1	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;">I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.</td> <td style="width: 50%; vertical-align: top;">Finance: Hayley Ashforth</td> </tr> <tr> <td></td> <td style="vertical-align: top;">Legal: Steve Eccleston</td> </tr> <tr> <td></td> <td style="vertical-align: top;">Equalities: Ed Sexton</td> </tr> </table> <p><i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i></p>	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: Hayley Ashforth		Legal: Steve Eccleston		Equalities: Ed Sexton
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4	<table border="1" style="width: 100%;"> <tr> <td colspan="2">I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.</td> </tr> <tr> <td style="width: 50%;"><b>Lead Officer Name:</b> <i>Joe Horobin</i></td> <td style="width: 50%;"><b>Job Title:</b> <i>Head of Commissioning</i></td> </tr> </table>	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.		<b>Lead Officer Name:</b> <i>Joe Horobin</i>	<b>Job Title:</b> <i>Head of Commissioning</i>		
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<b>Lead Officer Name:</b> <i>Joe Horobin</i>	<b>Job Title:</b> <i>Head of Commissioning</i>						

Date: 18<sup>th</sup> February 2019

<b>1.</b>	<b>PROPOSAL</b>
1.1	To pay an inflationary uplift of 3.89% for all standard rate placements in residential and nursing homes that reflects the National Living Wage increase and other inflationary indices.
1.2	To provide an inflationary uplift of 4.24% for home care supported living and extra care (care element) that reflects the impact of the National Living Wage increase and other inflationary indices.
1.3	These rates to take effect from April 2019.
1.4	The following report ensures the proposals:  1.4.1 Are informed by consultation with local social care providers 1.4.2 Are informed by analysis of both local and national evidence 1.4.3 Meet the Council's legal responsibilities by being sufficient to support assessed care needs and to provide residents with the level of care services that they could reasonably expect to receive if the possibility of resident and third party contributions did not exist.
<b>2.</b>	<b>HOW DOES THIS DECISION CONTRIBUTE ?</b>
2.1	This decision seeks to ensure that funding arrangements for framework and standard rate fees are aligned with inflationary cost increases to mitigate the risk of market failure and to maintain and improve the care and support experience of care home residents and people receiving extra care, home care and supported living in Sheffield. The Council expects that ensuring the fee rates meet the cost of delivering care in Sheffield will enable providers to work with us to develop innovative and efficient ways to support people in the city.
2.2	Three options have been developed for 2019-20; these seek to balance the need to support providers in maintaining good quality care for people and acceptable working conditions for staff, alongside affordability for the Council in light of other pressures in Adult Social Care. Chief among these is the increased demand the Council is experiencing in relation to the requirement to support the NHS, for example to enable earlier discharges from hospital, along with greater support to GPs and community health colleagues to ensure that people can be supported at home for as long as possible.

3.	HAS THERE BEEN ANY CONSULTATION?
3.1	All affected Sheffield providers have been consulted on the proposed fee uplift.
3.2	<p>Providers were given 3 potential options to consider:-</p> <p>3.2.1 <b>Option 1:</b> Inflationary uplift based on public sector pay award, the National Living Wage (NLW) and the Consumer Price Index (CPI)</p> <p>3.2.2 <b>Option 2:</b> Inflationary uplift based only on CPI</p> <p>3.2.3 <b>Option 3:</b> Inflationary uplift based on public sector pay award and CPI</p>
3.3	Providers were also encouraged to provide any supporting information or put forward their own options. The summarised responses to the consultation can be seen below and the full consultation report is attached at Appendix 1
3.4	<p><b>Overall</b></p> <p>Some providers disputed the Council calculation of a 4.85% increase to the National Minimum Wage and argued the true figure should be 4.9%. <i>This is accepted and has been applied to the model.</i></p>
3.5	<p><b>Care Homes</b></p> <p>Ten responses were received. This included one response from the newly-formed Sheffield Care Association. The Sheffield Care Association have not disclosed how many providers they represent.</p> <p>The responses for each option were as follows:</p> <ul style="list-style-type: none"> <li>• Five responses said that option 1 was preferable out of those provided</li> <li>• No providers chose options 2 and 3</li> <li>• Five responses did not select a preferred option stating they were all insufficient</li> </ul> <p>There were a number of comments made by one or more providers that are summarised below and followed by italicised Council responses:-</p> <p>3.5.1 Some providers believed that the 18/19 base rate was miscalculated <i>The 2018-19 fee rate was agreed by Council Cabinet one year ago and followed a rigorous process that was set out at the time, reflecting the “open-book” costs submitted by care homes</i></p> <p>3.5.2 Some providers said that the 18/19 process was transparent but it felt like the 19/20 process was less transparent <i>Care homes have been able to submit their costs at any time. The Council has consulted on three potential options and given providers the opportunity to respond to these, providing evidence either in favour of the potential rates or of alternatives</i></p>

	<p>3.5.3 Some providers said that the Sheffield base rate continues to be lower than comparator authorities. <i>Sheffield City Council's 2018-19 rates are set out in paragraph 7.4 and compared with other South Yorkshire authorities. Sheffield basic rates for residential and nursing care are the second highest of the four Authorities. Sheffield differs from the other three authorities in not having a separate dementia rate. This was agreed by Council Cabinet last year on the basis of almost all care homes having significant numbers of residents with dementia, and it therefore being more sensible to invest in all homes rather than have a higher rate for a smaller number.</i></p> <p>3.5.4 Some providers said that the indices used were not specific to care homes; there is no reflection of the economic deprivation in some areas <i>The 2018-19 rate was modelled on providers actual costs, drawing on information from those who had opened their books. There will be geographical variation in providing care: some could relate to economic deprivation but others could relate to affluence, for example greater housing costs. The Council's approach is based on averaging costs from providers who opened books so seeks to find the right balance on citywide costs.</i></p> <p>3.5.5 <i>There was feedback from some providers that the proposed increase is insufficient to cover additional pension contributions legally required from employers in 2019-20. The requirement to provide a workplace pension scheme is a statutory requirement for all types of businesses. Whilst it is accepted that this will increase staff costs it is not an issue peculiar to social care. From April 2018, the minimum pension contributions made into auto enrolment schemes from employers and employees increased in stages. The increases are compulsory and it is the responsibility of the employer to ensure they are implemented correctly. Employers were aware of the impact prior to April 2018 and therefore it hasn't specifically been taken account of in the 2019/20 proposals.</i></p> <p>3.5.6 Some providers stated the real cost of food and energy has not been considered which providers said have increased by 3.5% and 15% respectively. <i>Food and energy costs are covered in the Consumer Prices Index (CPI) which has been used to calculate inflation on non-staffing items</i></p> <p>3.5.7 Some providers stated there was no consideration about the impact of Brexit and whether this would change costs and none of the options would properly represent the true cost, this would</p>
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	<p>require a figure of 5.66%  <i>Likely Brexit scenarios are unclear at the time of writing.  Contingency planning is taking place with the care sector as likely outcomes become clearer</i></p> <p>3.5.8 Providers told us the staff cost increases are more like 6% for regular staff but agency costs are much higher, the recruitment and retention of care workers will be more difficult as a result of the proposals  <i>2018-19 rates were determined on the basis of open-book accounting from care homes about what they were actually paying for staff whether they were employed directly or via agency. The National Minimum Wage increase has been applied to fairly reflect the increase of staffing costs expected in 2019-20.</i></p> <p>3.5.9 Some providers told us there is a relatively high number of care homes in the city with a Care Quality Commission “requires improvement” rating, and cited this as a symptom of the low fee rate  <i>At the end of December 2018 Sheffield had 84.8% of homes rated as good by CQC. This has increased and puts Sheffield above average in the Yorkshire and Humber region. All homes that opened their books to provide evidence of their costs in the fee rate exercise that provided the basis for the model were rated “Good” by CQC.</i></p> <p><b>Extra Care</b>  There was one response representing 33% of the provider market and 25% of the extra care schemes. The provider indicated option 1 was the closest to the fee uplift they had calculated but still below this (6% requested). Feedback from the Extra Care Housing provider did not contain significant new themes from those already covered above.</p> <p><b>Home Care</b>  Five responses were received from Home Care providers in response to the 39 providers contacted. Two of the responses selected option 1, the other three stated that although option 1 was the best, the 4.2% offer fell short of what was required. Most of the specific feedback from homecare providers covered points that have already been referred to in preceding sections. Some additional comments are provided below with Council responses in italics.</p> <p>3.7.1 Comments about difficulties in recruitment and retention of high calibre staff as well as the need to renew training competencies more often were used as evidence to back up the claim for a larger increase. The United Kingdom Homecare Association (UKHCA) “fair price” of £18.93 per hour was quoted as the amount needed to make Home Care businesses stack up financially</p>
3.6	
3.7	

*The base model for Homecare, Extra Care Housing and Supported Living was established following local work with Sheffield providers. The UKHCA model applies a one-size fits-all approach to all homecare provision outside London.*

3.7.2 One provider stated that the employment market for home carers in Sheffield was in a dire state and was losing workers to other industries at a high rate.

*Council officers work closely with local homecare providers. There are significant challenges with recruitment and retention but it is not accurate to describe a dire state. Consistency of homecare service has improved since the new fee rate model was introduced in 2016-17. In 2018-19, thanks to closer work with the Council, homecare providers have been part of the effort in reducing the time older people have had to wait to leave hospital by having more available capacity to support discharge.*

### **Supported Living**

3.8 Nine responses were received from Supported Living providers in response to the 32 providers contacted. Two were from the same provider. The response rate is 25% of providers on the framework.

Of the six responses to the consultation itself

- Three selected option 1
- Three stated that the 4.2% offer fell short of what was required, with requests for uplifts of (a) 4.3% minimum, (b) 5.75%, (c) 5.9% (d) 5% on daytime hours and 10% for sleeping nights

Some of the feedback from Supported Living providers overlaps with that from Care Homes, Extra Care Housing and Home Care. Additional themes are summarised below with Council responses in italics:

3.8.1 The ongoing uncertainty over the payment for sleep-ins following the ongoing challenge from Unison over sleep in pay

*There is no certainty of outcome here. However, all Supported Living providers on the Council framework are paid a rate that allows them to comply with this challenge should they need or wish to.*

3.8.2 The need to maintain a differential in pay between support workers, senior workers and managers

*We continue to use the rise in the National Minimum wage as the main indicator for calculating increased staff costs. The logic of this being that if entry level staff are on NMW then any statutory increase here will impact on the pay differentials of other staff. We now include a specific calculation to address pay rises for non-front-line employees. Whilst not a perfect fit, in the absence of another logical benchmark we use the annual pay rise percentage of Local Authority managers and staff.*



	<p>3.8.2 Increased pressure for training in essential subjects and in the frequency that this training needs to be renewed  <i>Providing adequate training to ensure employees are able to carry out their essential role with appropriate skill has always been a requirement. Base costs have incorporated this and have been inflated appropriately year-on-year.</i></p>												
<b>4.</b>	<b>RISK ANALYSIS AND IMPLICATIONS OF THE DECISION</b>												
4.1	<u>Equality of Opportunity Implications</u>												
4.1.1	An Equality Impact Assessment has been completed for the proposed fee increase. A full list of the equality considerations, impacts and actions can be found in Equality Impact Assessment 199.												
4.2	<u>Financial and Commercial Implications</u>												
4.2.1	<p>The impact of the recommended fee uplifts is as follows:</p> <table border="1" data-bbox="434 913 1321 1310"> <thead> <tr> <th>Sector</th> <th>Impact on budget ( £'000)</th> </tr> </thead> <tbody> <tr> <td>Care Homes</td> <td>£1,773</td> </tr> <tr> <td>Home Care</td> <td>£1,247</td> </tr> <tr> <td>Supported Living</td> <td>£693</td> </tr> <tr> <td>Extra Care</td> <td>£30</td> </tr> <tr> <td>Total</td> <td>£3,742</td> </tr> </tbody> </table> <p>The funding pressures for these uplifts have been identified through the 2019-20 budget process.</p>	Sector	Impact on budget ( £'000)	Care Homes	£1,773	Home Care	£1,247	Supported Living	£693	Extra Care	£30	Total	£3,742
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Total	£3,742												
4.2.2	<p>There are three ways that the financial risks will be mitigated:</p> <ul style="list-style-type: none"> <li>• Additional financial support to the adult social care provider market will be rigorously monitored to ensure that investment directly supports improved care in Sheffield and money is not wasted.</li> <li>• Demand for care will be well-managed. As set out below, the vision for adult social care is to enable a shift into prevention which will mean proportionately fewer people need care.</li> <li>• The investment will create a more stable supply of care which will result in significant benefits to the NHS. Just as inconsistent adult social care creates the risk that more Sheffield people will wait longer in hospital beds before they can leave, so consistent care will mean fewer hospital beds are likely to be needed. The shift</li> </ul>												

	into prevention that will be delivered in Sheffield will take pressure off the usage of hospital beds and enable a shift of resources from acute care to community care to ensure future affordability.
4.2.4	Effective and efficient use of resources across the whole of health and care is absolutely key to a sustainable financial plan in future years. The latest national initiatives to develop an Accountable Care Partnership (ACP) for Sheffield and an Integrated Care System (ICS) for South Yorkshire and Bassetlaw will be no more effective than plans that have gone before them unless they support a shift in funding away from bed-based and institutional care and towards sustainable preventative support for people living in Sheffield's communities.
4.3	<u>Legal Implications</u>
4.3.1	Sections 7 and 7A of the Local Authority Social Services Act 1970 (LASSA 1970) require local authorities to act under the general guidance and directions of the Secretary of State in the exercise of their social services functions.
4.3.2	<p>Circular LAC (2004)20 (Circular) replaced the guidance that accompanied the Directions 1992 and is issued under section 7 of the LASSA 1970. The Circular sets out what an individual should be able to expect from the council that is funding his/her care, subject to the individual's means, when arranging a care home place. The relevant parts of the Circular for the purposes of this report are:</p> <p><i>"2.5.4...[The usual cost] should be set by councils at the start of a financial or other planning period, or in response to significant changes in the cost of providing care, to be sufficient to meet the assessed care needs of supported residents in residential accommodation... In setting and reviewing their costs, councils should have due regard to the actual costs of providing care and other local factors. Councils should also have due regard to Best Value requirements under the Local Government Act 1999.</i></p> <p><i>3.3 When setting its usual cost(s) a council should be able to demonstrate that this cost is sufficient to allow it to meet assessed care needs and to provide residents with the level of care services that they could reasonably expect to receive if the possibility of resident and third party contributions did not exist".</i></p>
4.3.3	The Care Act came into force in April 2015. It sets out a range of measures, in order that local people can choose from a diverse range of high quality care services, to drive up the quality of care and put people's needs and outcomes centre-stage. The new legal framework reinforces the local authority's duty to promote a diverse, sustainable and high quality market of care and support services. Local authorities are required to ensure that there is a range of providers offering services that meet the needs of individuals, families and carers.

4.3.4	<p>This duty requires local authorities to understand the level of risk and the quality of support for people receiving support in order to satisfy itself that the care and support:</p> <ul style="list-style-type: none"> <li>- Meets the minimum standards as set out by the Care Quality Commission</li> <li>- Is sustainable</li> <li>- Has sound leadership and that all staff are appropriately trained</li> <li>- Is focused on delivering quality care that is evidence based</li> </ul>
4.3.5	<p>The Council must evidence that it has properly consulted with providers during its process of setting fee levels to take account of relevant factors in understanding the actual cost of care to them.</p>
4.3.6	<p>Setting a proper level of fee will evidence that the Council is delivering its obligations to support a sustainable market which is viable and enables people to have choice in meeting their accommodation needs. That then delivers obligations as to respecting private, home and family life under the Human Rights Act and the Public Sector Equality Duty under S149 the Equality Act 2010.</p>
4.3.7	<p>Care must be taken to ensure that variations to existing contracts are not material in accordance with the Public Contracts Regulations 2015. In doing so regard must be had to previous variations as amendments have to be considered cumulatively.</p>
5.	<p><b>ALTERNATIVE OPTIONS CONSIDERED</b></p>
5.1	<p>A number of other options have been considered</p>
5.2	<p><b>Alternative Option 1: Inflationary uplift of 2.4%</b></p>
5.2.1	<p>This option considered an uplift on all contracts based purely on the CPI rate for Sept of 2.4%</p>
5.2.2	<p>This option works on the basis that the CPI uplift is applied to all areas of the current fee rate. This would be less than the percentage increase in the minimum wage but as the national minimum data sets<sup>1</sup> show that the average care worker in Sheffield is paid above this rate, then the short fall could potentially be covered.</p>
5.2.3	<p>However there may be an impact on recruitment and retention if wages remain low/unchanged or close to minimum wage and this in turn may also have an impact on business continuity and quality which would be a high risk strategy.</p>
5.3	<p><b>Alternative Option 2: Inflationary uplift based on public sector pay award and CPI</b></p>
5.3.1	<p>This option would see the current fee rates uplifted based on the public</p>

<sup>1</sup> Skills for Care NMDS

5.3.2	<p>sector pay award and CPI. This option works on the basis that CPI is added to all non-staffing activity and 2% is added to all staffing activity. This would be less than the percentage increase in minimum wage but the national minimum data sets show that the average care worker in Sheffield is paid above this rate.</p> <p>This is an even more affordable solution, meaning less will need to be sourced from other provision. However the risk to the market is increased. We know that there are providers who could become unviable and we cannot afford the changes to the market or quality at this time without impacting on the quality of care, the customer experience and the wider health and social care system.</p>
6.	<b>REASONS FOR RECOMMENDATIONS</b>
6.1	To develop and maintain a stable adult social care market in Sheffield by ensuring that the fees paid by the Council for adult social care in the City of Sheffield are uplifted in line with the cost of delivering care in the city including inflationary pressures in 2019/20.
7.	<b>BACKGROUND INFORMATION</b>
7.1	<p><b>Care Homes:</b> As of December 2018 there were 78 independent care homes for older adults in the city providing approx. 3210 beds in total. Of these, 22% (17) are voluntary/third sector homes. The providers range from small, long established operators with a single care home in a converted property, to large national organisations that run many purpose-built care homes – typically focused on areas of the city where land costs are lower. Approximately 48% of the market is operated by 8 providers, some of these are national organisations but others are local to the Sheffield area. Such a diverse range of ownership brings with it different business models: some providers operate with significant debts whereas others may have very little. National providers will cross-subsidise their homes to manage local variations in demand and profitability and are able to exploit economies of scale.</p>
7.2	People living in care homes are often aged 85+ and are likely to be frailer and have greater care needs than in previous decades. In 2017 there were 13,000 people in Sheffield over 85 and this is expected to rise steeply bringing the population of 85+ age group to over 22,600 by 2035 Although people are older and frailer when they enter a care home, their length of stay still varies but national evidence suggests it is just over 2 years in residential and around 13 months in nursing. Many access care later in life after a spell in hospital or intermediate care hence their needs may be greater as a result.
7.3	A full cost of care exercise was undertaken in 2017/18. The cost of care approach and template was based on the model set out in CIPFA’s 2017 guide for commissioners and providers. “Working with care providers to understand the costs”. Data covering 48% of Sheffield purchased beds was received from providers. Following some discussion the rate of £446

	per week was agreed, to which an inflationary uplift was applied to reach the weekly rate of £463 per week across all care homes. This increased the fee levels between 2% and 19% in 2018/19. This meant that Sheffield compared much more favourably with rates paid by comparator																									
7.4	<p>The published rates for local authorities in the region for 18/19 are as follows ( excluding FNC):</p> <table border="1"> <thead> <tr> <th>LA</th> <th>Residential</th> <th>Nursing</th> <th>Residential dementia</th> <th>Nursing dementia</th> </tr> </thead> <tbody> <tr> <td>Sheffield</td> <td>£463</td> <td>£463</td> <td>£463</td> <td>£463</td> </tr> <tr> <td>Rotherham</td> <td>£445</td> <td>£449</td> <td>£481</td> <td>£534</td> </tr> <tr> <td>Doncaster</td> <td>£485.87</td> <td>£485.87</td> <td>£485.87</td> <td>£538.88</td> </tr> <tr> <td>Barnsley</td> <td>£443.66</td> <td>£443.66</td> <td>£480.62</td> <td>£480.62</td> </tr> </tbody> </table>	LA	Residential	Nursing	Residential dementia	Nursing dementia	Sheffield	£463	£463	£463	£463	Rotherham	£445	£449	£481	£534	Doncaster	£485.87	£485.87	£485.87	£538.88	Barnsley	£443.66	£443.66	£480.62	£480.62
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Barnsley	£443.66	£443.66	£480.62	£480.62																						
7.5	<p>The market in the city has changed over the last 12 months; demand has previously been high however the work to keep people living at home for longer has seen a reduction in the numbers of people placed in care homes. In the previous 12 months there had been a downward trend in placements leading to a significant number of vacancies in the market. We are expecting at least two care homes (90 beds) to close in 2019 which will reduce the number of vacancies and improve the viability of other homes.</p>																									
7.6	<p>If the number of people supported to stay at home continues to grow, it is predicted that by 2038 there will be a reduction in demand of approximately 500 beds in the market. Increased vacancy levels mean greater risk and instability in the market. Commissioning will work with the provider market to anticipate this with a planned approach to diversification in the provision and some managed reduction in the number of homes. It is important therefore to support quality and innovation and fee levels will play an important role in ensuring this is the case.</p>																									
7.7	<p><b>Home Care:</b> The home care market has, over the past 2-3 years, been shaped in a way which has improved both stability and flexibility. Primary providers who take most packages operate in nearly every area of the city. A larger number of smaller providers deliver support in other areas and pick up packages that can't be taken on by the primaries. The Framework contracts which support this arrangement were let in October 2017 to 39 providers. Since then a few small companies have pulled out but the market is still relatively stable in the city and compares favourably with a more volatile national picture for this sector.</p>																									

7.8	Home care plays a key role in reducing the number of people who are delayed in hospital waiting for a care and support package. Commissioning have worked with and developed the home care market over the last 12 months to significantly improve the flexibility and responsiveness of the market to meet the demands of the health care system to discharge people more quickly. This has seen the capacity of, and spend on the home care sector increase significantly and contributed to the reduction in the number of people whose transfers of care from hospital are delayed.
7.9	A 'cost of care' exercise undertaken in 2016/17 led to a significant upward adjustment to fees as well as an approach which tailors fee levels according to the conditions in different areas of the city. This approach was widely welcomed by providers, a fact reflected by the large number of bidders for the 2017 tender. Although hourly rates increased again in 2018, margins remain tight and therefore it is important to maintain the fees in relation to inflationary pressures such as national minimum wage. Any deviation from this approach runs the risk of starting to destabilise the home care market and wider health system.
7.10	<b>Supported Living:</b> The supported living market in Sheffield has had a period of relative stability over the past year, aided by procurement activity which increased the number of contracted providers on our supported living framework, and the uplift in fees in October 2017. The new supported living framework started on October 2 <sup>nd</sup> 2017 and 32 providers are now on the supported living framework.
7.11	Demand for supported living services has continued to grow over the last year. As supported living is a key model of support for adults with disabilities we expect demand to continue to increase in 2019/20. The Council's commissioning service works closely with care managers and providers to ensure requests for supported living packages are responded to promptly, and that people requiring supported living have a choice of provider.
7.12	In October 2017 a new approach to supported living fees was implemented, based on the home care fees 'cost of care' model. Based upon extensive consultation with home care providers, this model takes into account local disparities in travel time for support workers who need to travel between visits, alongside a discounted rate for supported living 'schemes' where travel time is not an issue. The framework also set a rate for sleep-in nights that reflects changes in relevant payment regulations. Further detail is provided in Appendix 3.
7.13	<b>Extra Care:</b> There are 9 extra care/assisted living schemes in Sheffield, they range both in size and the facilities they offer, however most cater for the older age group. The Council fund 5 of the schemes and the remaining 4 schemes were privately developed to accommodate people funding their own care and support. There are proposals to create 2 further Older Peoples Independent Living Schemes (OPIL) during the

	next 2 years which are a hybrid of extra care and will offer accommodation with support.
7.14	The landlords of each extra care scheme tend to be registered social landlords who operate on a not-for-profit basis and the care and support providers are traditionally home care providers. Whilst the operation of the scheme is registered by CQC as home care, it has more similarities with the supported living schemes where providers are registered to provide domiciliary care but their work is focused around a building or house and therefore travel time is minimal.
7.15	Four of the extra care and support contracts were tendered for and involve 3 providers who also provide some home care, either council funded or privately. The contracts were let in 2015 when the care and support elements were combined (previously supporting people funding along with housing benefit) and are due to expire in 2019, although there is the option to extend these.
7.16	The providers offer both care and support to the people living there and in 2018/19 it was agreed that the fee level for the care element should be uplifted in line with supported living providers. The support element of the scheme has been under review over the last 12 months and the recent changes to housing benefits may now provide more opportunity for the housing landlords to provide these services in full, therefore recommendations about the future of how the support element of the contract will be the subject of a separate report.
7.17	The current extra care contracts are due to expire at end June 2019; however there is an option to extend these for a further 1 year. The proposed uplift in this report is recommended on the basis that the contract are extended for a further 12 months pending the development of a re designed care model. This will also allow for the new build independent living development to be considered in this re design. The future of the support element of the contract will be the subject of a separate proposal.
7.18	The Sheffield Retirement Village receives funding for an onsite support and care provision. The provider delivers a holistic model of care and support for people living in the village particularly for a number of people who would be eligible for support and by funded by the City Council. This funding is paid via a grant agreement on a specific contract arrangement and there is no proposal to increase the level of funding at this time.
7.19	<b>Non Standard Fees:</b> A significant proportion of local adult care and support services do not have standard fee rates. This includes 'non-standard fee' care homes, community based services, Personal Assistants, Money Management services, Direct Payments and other individualised support arrangements.
7.20	The wide variation in non-standard fees reflects the wide variation in the

	<p>nature and level of people’s support needs and the diversity of services that can meet these needs. Different care homes and care providers have significantly different cost structures and specific budget pressures can impact on them in ways specific to their individual businesses. In particular there are significant variations in ratios of staffing to non-staffing costs. We therefore do not propose to apply an automatic inflation uplift based on a standard staff /non-staff cost ratio, but to respond to requests on an individual basis taking into account individual needs, individual provider cost breakdown and value for money considerations.</p> <p>We propose using an ‘open book’ approach, using a transparent breakdown of costs and income to assess the need for increases.</p>
7.21	Adult mental health services currently purchase places in residential and nursing care homes for 164 people, the majority are located in Sheffield.
7.22	Over the past 18 months SCC Mental Health Commissioning has worked with local providers of residential and nursing care for this client group to change the culture and practices in this sector of the market. The new approach aims to apply a recovery model of care by promoting rehabilitation opportunities within the care homes and by maximising the choices for more independent living for residents.
7.23	In practice this will result in many residents moving out to their own tenancies or less supported accommodation in the community. This approach has been demonstrated as effective by the work of a s117 Pathway Coordinator post in recent years, and it has the strategic backing of many of the current providers, SCC, Sheffield CCG and Sheffield Health and Social Care NHS Trust.
7.24	Whilst this work is in progress Adult Mental Health will align its standard residential and nursing care fee rate with Adult Social Care in the Council. However, care home fees for the majority of this client group are agreed annually on the basis of individual reviews with each provider and this arrangement for non-standard fee setting will continue to be followed.