



Adult Social Services  
County Hall Martineau Lane  
NORWICH  
NR1 2SQ

Date: 21 January 2021

Dear Provider

**Re: Consultation regarding the proposed usual prices for residential and nursing care in Norfolk for the year 2021/22**

Norfolk County Council (the Council) undertakes a review of the prices it would usually expect to pay adult social care providers in Norfolk for residential and nursing care for both older people and working age adults each year. The proposed usual prices for the 2021/22 financial year were considered by Cabinet at its meeting on 12 January 2021. The full report and all the price proposals can be read [here](#) (page 43). The Council now wishes to consult providers on these proposed usual prices.

An explanation of how the Council arrived at its proposed prices is set out in this letter. This is intended, together with the Cabinet Report and minutes of the Cabinet meeting that can be accessed through the links provided, to give providers all the information that they require to effectively participate in the consultation. This consultation stage will enable the Council to gather the views of providers and any financial or other information that they consider should be taken into account before a final decision is made.

This letter commences that consultation which will run for 28 days commencing 22 January 2021 and ending at midnight on 18 February 2021. Please note that if we receive any consultation responses after this date we cannot guarantee that we will be able to take them into account.

Once the consultation has closed, the Council will analyse all the responses it has received and, having had due regard to those responses and other relevant considerations including sustainability and value for money, will determine the final usual prices for the 2021/22 financial year. It will then inform providers accordingly of that decision.

To take part in the consultation exercise or to seek further information, providers are asked to email **feeuplift@norfolk.gov.uk** with their comments, information and views.

**Yours Faithfully**

A handwritten signature in blue ink that reads 'G. Heathcote'. The signature is stylized and cursive, with a horizontal line at the end.

**Gary Heathcote**

**Director of Commissioning**

## **Background**

Services are currently being delivered in a financial climate of almost unprecedented risk and uncertainty, both from the perspective of people who use services, and those who provide them. The Council must now plan for the impacts of rising budget pressures, uncertainty over Government funding, and the financial challenges associated with COVID-19.

Since 2011 the Council has already saved £436m. The Council's Medium-Term Financial Strategy has forecast an additional £38.9m funding gap for 2021/22 budget. Even by increasing council tax by the amount that Councils are allowed to without a local referendum, and a proposal to raise £8.5 million by increasing the Adult Social Care precept, the Council won't balance its budget in 2021-22 unless it makes an additional £17.858m of savings within Adult Social Care . Local Authorities are required by law to set a balanced budget.

## **Overview of the approach taken in calculating the fee uplift to get to the proposed usual price**

The resources available to support the fee uplift for 2021-22 have had to take account of the need for the Council to make further savings during 2021-22. Adult Social Care has allocated £10.143m to support fee uplifts for 2021-22.

Council Officers held four engagement events with providers during October and November to discuss the approach to fee uplifts for 2021-22. A range of fee uplift options were discussed with providers at the engagement events held. Feedback from these events highlighted pros and cons with each approach proposed, with no clear preference expressed by providers. One provider commented that a standard uplift, the approach proposed in the Cabinet paper, seems fair but recognised that there are differences in the difficulties being faced by providers across Norfolk.

Another provider referred to the Competition and Markets Authority Guidance in respect of applying uplifts to private sector providers. The inflation uplift approach proposed within this report adheres to the CMA Guidance as it uses the Office for Budgetary Responsibility estimate of the Consumer Price Index and a % uplift in pay rates which in this proposal are above the NLW rate rise announced at the Spending Review.

## **Basis of fee uplift**

The Council developed a fee model with extensive input from providers in 2015/16. This model was formally refreshed and recalibrated as part of our 2018/19 Cost of Care exercise, and has subsequently been maintained with uplifts in 2019/20 and 2020/21. For 2021/22, we have again updated this model as the foundation for our proposed fee uplift. As indicated in our Cabinet paper, we have used key drivers of cost to update the model as follows:

Cost	Evidence	Source
Pay	National minimum dataset and the level of National Living Wage announced by Central Government	Chancellor of the Exchequer in the Autumn Spending Review announced the intention to increase the NLW by 2.2% from £8.72 to £8.91 in April 2021.
Prices	Office of Budget Responsibility estimates for CPI inflation.	OBR November 2020 Economic and fiscal outlook – supplementary table 1.7
Pensions	Relevant auto enrolment rate	

The information we acquire from the national minimum dataset information sets out actual pay rates for the care sectors in Norfolk. These tend to indicate that actual average wages in Norfolk's care market are slightly above the National Living Wage. The Council recognises however that in order to compete in the labour market, at a minimum, increases in pay rates need to be in line with increases in the NLW. In addition, the Council recognises that pay differentials need to be supported to aid retention of skilled and experienced staff. As a result of these market conditions, for 2021/22, we have applied a % increase above the 2.2% rise in the NLW to the care staff component of our usual prices. Whilst there is slight variation within each market, due to the existing median pay levels, the % applied is typically between 3.5% to 3.9%. For the wider costs faced by care providers, the forward projections produced by the Office of Budget Responsibility (OBR) indicate a 1.4% increase in these costs for 2021/22.

When the % described above, including the above NLW % increase, are applied to the model, a blended inflation figure of 2.87% for Older People and 2.77% for Working Age Adult fees is produced. This is the basis of our proposed fee uplift for 2021/22.

The fee uplift process described above has been used to propose the Council's usual price of care and does not take into account any associated COVID-19 premium. In 2020/21 providers have had financial support to manage costs beyond our annual fee uplift amount. This has included:

- Upfront Support payments which were paid between March to September 2020 to support with Covid related costs.
- An exceptional payments process.
- Support with the costs and provision of Personal Protective Equipment (PPE) from the Local Authority and Nationally.
- £22m of infection control funding

On-going costs related to Covid-19, alongside Government funding announcements, will continue to be reviewed as the pandemic unfolds.

Since October the Council has seen a significant increase in prices for short term and long term placements which appears to suggest that these prices include COVID-19 associated costs. As the fee uplift is used to propose the usual price of care the Council will need to be assured that recently negotiated fees do not include costs relating to the management of COVID-19. It has therefore been recommended that there is to be no automatic uplift on prices agreed from 1st October that are above the new proposed usual price as given in table 3 for older people residential and nursing care . Providers who have negotiated fee rates since 1 October who can evidence that the costs being charged to the Council exclude COVID-19 related premiums can request a review of the decision not to uplift the fee rate for the 2021/22 financial year.

## **Working Age Adults (WAA)**

The Council will continue to work with the market concerning the provision of residential and nursing care for working age adults. The Council has and will make providers aware of the engagement opportunities to work together in partnership concerning the provision of services. For 2021/22, the Council proposes to utilise the existing banded price structure and uplift these fees to reflect the anticipated rise in future costs described in our “Basis of Fee uplift” section.

Packages of care for WAA have a range of pricing structures in place and in many cases are negotiated to be specific to the needs being met.

The fee uplift calculated by the Council reflects changes in national minimum and living wage rates as well as non-pay inflation. An uplift of 2.77% has been applied to the 2020/21 usual prices to produce the proposed usual prices for 2021/22 as shown in the tables below.

The Council is looking to undertake an overarching review of all WAA care packages to ensure that as a Council future care prices continue to be a fair price for care. As a result, the current usual prices have been inflated by 2.77%.

## Learning Disabilities

2021/2022 Core Rates per Person per Week – LD				
<p>Note: Where additional 1:1 hours exceed 12 per day on average in bands 2 and 3, the resident may be placed on the next band up and subject to that rate for the remainder of the placement or until the next review of care determines otherwise.</p>				
These rates apply to all new placements from commencement of their contract	Number of clients Home is Registered for (CQC)		Number of clients Home is Registered for (CQC)	
	1 to 6		7 +	
Banding / Level of Need	Staff: Resident ratio	Price per person per week	Staff: Resident ratio	Price per person per week
<u><b>BAND 1</b></u> Very intensive for high level very complex needs	2:1 x 7 days	£3,275.02	2:1 x 7 days	£3243.17
<u><b>BAND 2</b></u> Very intensive for high level very complex needs.  If the client requires by exception more than 12 hours 2:1 per day on average, then move to Band 1	1:1 x 7 days	£2,115.41	1:1 x 7 days	£2,083.52
<u><b>BAND 3</b></u> Intensive for high level needs.  If the client requires by exception more than 12 hours 1:1 per day on average, then move to Band 2	2:3	£1,019.47	2:3	£987.60
	3:5		3:5	
	1:2		1:2	
<u><b>BAND 4</b></u> Medium for substantial needs	2:5	£746.60	2:5	£732.77
	1:3		1:3	
	1:4		1:4	
<u><b>BAND 5</b></u> Moderate for appreciable support needs and small homes (registered for up to 4 people)	1:3	£573.47	1:4	£541.59
			1:5	
	1:4		1:6	
	1:5		1:7	
	1:6		1:8	
		1:10		

**Notes:**

1. The above rates include sleep-in staff. The number of staff to cover a sleep in must be sufficient to meet the needs of the Residents'. However if the core service level for the home is to provide a waking night member of staff then a payment of £86.80 per night will be added to the appropriate rate, divided between the number of Residents' who share each waking night member of staff.
2. Where a sleep in member of staff is provided as part of the core service, this member of staff is available to be woken up to three times a night to provide any part of the Service.
3. The above rates apply for 52 weeks of the year. There will be no additional charge for bank holidays
4. The above rates include the provision of appropriate activities during the day, seven days a week, to meet the outcomes identified in Resident's care plans as specified by the Care Manager.
5. FNC will be added to the above for a nursing care placement.
6. Ratios are presented as staff : Residents

**Additional service elements**

Where additional service elements are the following rates will apply where the Care Manager has specified the need for additional service elements to meet the needs identified in a Resident's care plan where these are over and above that expected from within the core service. The rate for an additional service element will be shared between all the Residents using it. These additional service elements will be subject to ongoing monitoring.

**Convert sleep-in to waking night:** £89.20 per staff member

**Additional waking night:** £126.76 per staff member

**Additional sleep-in:** £38.24 per staff member

**1:1 support:** £12.73 per hour

**2:1 support:** £25.47 per hour

These rates apply 52 weeks of the year. There will be no additional payment for weekends or bank holidays etc.

## Mental Health

2021/2022 Core Rates per Person per Week - MH				
<p><b>Note: Where additional 1:1 hours exceed 12 per day on average in bands 2 and 3, the resident may be placed on the next band up and subject to that rate for the remainder of the placement or until the next review of care determines otherwise.</b></p>				
These rates apply to all new placements from commencement of their contract	Number of clients Home is Registered for (CQC)		Number of clients Home is Registered for (CQC)	
	1 to 6		7 +	
<b>Banding / Level of Need</b>	<b>Staff: Resident ratio</b>	<b>Price per person per week</b>	<b>Staff: Resident ratio</b>	<b>Price per person per week</b>
<u><b>LEVEL 3 - INTENSIVE</b></u>  <b>High level support needs.</b>	2:3	£1,019.47	2:3	£987.60
	3:5		3:5	
	1:2		1:2	
<u><b>LEVEL 2 – ENHANCED</b></u>  <b>Substantial support needs.</b>	2:5	£764.60	2:5	£732.76
	1:3		1:3	
	1:4		1:4	
<u><b>LEVEL 1 – STANDARD</b></u>  <b>Appreciable support needs.</b>	1:3	£573.47	1:4	£541.59
			1:5	
	1:4		1:6	
	1:5		1:7	
	1:6		1:8	
			1:10	
<b>Notes:</b>				
<p>1. The above rates include sleep-in staff. The number of staff to cover a sleep in must be sufficient to meet the needs of the Residents. However if the core service level for the home is to provide a waking night member of staff then a payment of £86.80 per night will be added to the appropriate rate, divided between the number of Residents who share each waking night member of staff.</p>				
<p>2. Where a sleep in member of staff is provided as part of the core service, this member of staff is available to be woken up to three times a night to provide any part of the Service.</p>				
<p>3. The above rates apply for 52 weeks of the year. There will be no additional charge for bank holidays</p>				
<p>4. The above rates include the provision of appropriate activities during the day, seven days a week, to meet the outcomes identified in Residents' care plans as specified by the Care Manager.</p>				
<p>5. FNC will be added to the above for a nursing care placement.</p>				



## 6. Ratios are presented as staff : Residents

### **Additional service elements**

Where additional service elements are the following rates will apply where the Care Manager has specified the need for additional service elements to meet the needs identified in a Resident's care plan where these are over and above that expected from within the core service. The rate for an additional service element will be shared between all the Residents using it. These additional service elements will be subject to ongoing monitoring.

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**1:1 support:** £12.73 per hour

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These rates apply 52 weeks of the year. There will be no additional payment for weekends or bank holidays etc.

### **Physical Disabilities**

	Shared Room 21/22	Single Room 2021/22
7 – Physically disabled and disablement began under pension age	£508.46	£533.94

### **Older People**

Following the cost of care review undertaken with providers during 2017/18, the Council has realigned usual price with the cost of care for residents. In the case of residential and nursing care for older people, the usual prices proposed by Cabinet are those prices that the Council would usually expect to pay in the 2021/22 financial year for those services.

As can be seen in Table 2 below, actual costs of care have been considered with relevant inflationary uplifts applied to pay and non-pay elements within the cost model. The recommendation to provide an uplift to providers on usual prices paid by the Council is therefore, deemed to be a fair approach.

**Table 2: Indicative actual cost model 2021/22**

	Residential		Nursing	
	Standard	Enhanced	Standard	Enhanced
Direct Social Care Costs	£255.54	£338.58	£260.16	£309.97
Nursing Supervision <sup>1</sup>			£183.92	£183.92
Non Direct Staff Costs	£125.84	£125.84	£125.84	£125.84
Accommodation Costs	£124.48	£124.48	£130.08	£130.08
Overheads	£25.29	£29.44	£25.80	£28.29
<b>Total Operating Costs</b>	<b>£531.15</b>	<b>£618.34</b>	<b>£725.80</b>	<b>£778.10</b>
Returns	£81.05	£85.41	£81.59	£84.20
<b>Operating cost incl returns</b>	<b>£612.20</b>	<b>£703.75</b>	<b>£807.38</b>	<b>£862.30</b>

1. FNC at 2020/21 rates but will be changed when announced

## Proposed application of recommendations

The Council's methodology has been to set its usual prices between the total operating costs level and the operating costs plus returns level set out in table 2 above. The Council proposes to broadly maintain the relative position of its usual price in relation to the lower and upper levels in its cost model (table 2) as in previous years. The resultant proposed usual prices for 2021/22 are summarised in table 3 below.

Table 3 Proposed usual prices for 2021/22 net of Funded Nursing Care

Market Sector Single room only	2020/21 Rates £	2021/22 uplift		
		Inflation %	Inflation £	2021/22 proposed usual price £
Residential Standard	567.74	2.87%	£16.29	£584.03
Residential Enhanced	660.34	2.87%	£18.95	£679.29
Nursing Standard *	584.07	2.87%	£16.76	£600.83
Nursing Enhanced *	640.54	2.87%	£18.38	£658.92

\* excludes independently set funded nursing care fee.

For negotiated packages agreed prior to 1 October 2020 inflation will be added to the usual price and the top up will remain at 2020/21 levels. For the avoidance of doubt inflationary uplifts will not be applied to third party top ups.

For new negotiated packages agreed at rates above usual price, post 1 October 2020, where the price for an individual package includes a top up, the top up will be adjusted so that the total price of the care package does not change.

For the avoidance of doubt, any agreement that has a top up will be affected. For packages of care that do not have a top up included, the new price of the care package will be the 2021/22 Usual Price as given in table 3 above. Providers can discuss any concerns regarding individual packages of care on an open book accounting basis.

The hospital discharge arrangements since March 2020 have been subject to particular government guidance, including review and reinstatement of normal funding (including where appropriate transferring to private self funder contracts) for all hospital discharge prior to September 2020, by 31st March 2021. Where any cases remain outstanding at this date these will be looked at on an individual basis.

### **Funded nursing care**

Funded nursing care (FNC) is health funding that is used to support the Council's nursing placements. The value of FNC amount is set by NHS England and paid by the Clinical Commissioning Groups (CCGs). In Norfolk the Council pays the gross amount and recovers the FNC element from the CCG.

### **Long Term Market Stability**

The Care Act places duties on Local Authorities to promote the efficient and effective operation of the market for adult care and support as a whole. To deliver against this duty the Council reviews the usual prices that it is able to pay each year and offers other support which is of benefit to providers reflecting its commitment to investing in the market.

At the provider engagement events held to discuss the approach to usual prices for 2021/22 the Council outlined other support that it could potentially offer to providers. Support available includes:

- a) Support to enable providers to move from delivering standard to enhanced provision
- b) Opportunities for block contracts or guaranteed care at home activity volumes
- c) Continued focus on housing and prevention with a Council capital fund of £29m to support the development of 3,000 units of housing with care across the County
- d) Implementation of the workforce strategy and continuation of the recruitment and retention support provided by Council officers
- e) Delivery of the ESF funded skills development programme across health and social care delivering free training to social care staff.
- f) Supporting the market to maximise the benefits of technology
- g) Strengthening our relationship with the Anglia LEP to provide greater support for providers as their businesses contribute significantly to the Norfolk economy

As a Council we understand the significant uncertainties for providers associated with managing COVID-19 and the potential long term changes to provider cost models associated with it. The Council is keen to engage with the market in the new financial year to get a better understanding of the long term additional requirements and associated costs of operating post COVID-19.

