Residential and Community Supported Living Rates 2023-2024

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Rate Construct

- A three-year Residential Framework Agreement 2022-2025 with an annual rate review from 1 April 2022.

- Residential rates continue to be based on the comprehensive market assessment completed 2021

- All rates; -
  - include £10.42 national living wage from 1 April 2023
  - remove 1.25% National Insurance increase implemented /reversed in 2022-23
  - include 8.3% average inflation forecast for the financial year 2023-24

- Older peoples residential rate has further increased to support maintenance costs

- Interim Community Supported Living floating support rate proposed to reflect delivery across the rurality of Lincolnshire. Interim pending full market assessment which commences in the coming weeks.

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Risk

1) Misinterpretation of the use of the national Fair Cost of Care exercise.

   - The Council has written to all providers confirming the exercise does not replace the usual rate setting process for the reasons highlighted in the report.

2) Proposed rates are insufficient to sustain some providers resulting in higher costs

3) 65+ residential market is showing signs that new build larger homes are growing and smaller independent homes are closing. A material shift away from the current 75:25 ratio of SME: Groups will place the Councils rate under significant financial pressure due to the cost construct of the new, larger builds.

   - The recommendations to continue with the Hardship fund and focus the Market Sustainability and Improvement Fund are made to help minimise the above risks however financial plans 2024+ will recognise both the use of the non recurrent Hardship Fund to support likely recurrent costs and the impact of the potential market shift in the medium term.

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Market Sustainability & Improvement Fund

- New grant announced in Autumn Statement dedicated for Adult Social Care

- Objective to improve market sustainability and build capacity to improve access and assist discharges

- Likely allocation for Lincolnshire £7.9m 2023-24 and £10.2m 2024-25. Includes the continuation of the £2.273m received 2022-23 which supported homecare.

- Differing business structures across the residential sector means a one size rate doesn't fit all. Strategic partnerships will be further developed during 2023-24 to enable this fund to be targeted as those areas of the market the Council needs to ensure sustainability of care for the long term.

- Recommendation is to agree in principle (pending publication of conditions) targeted support into the residential sector

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Hardship Fund

- Expected that volatile costs will continue at a higher level for longer.

- 2022-23 fund evidences a blanket rate increase is not the most effective solution due to the varying impact between providers

- The proposal

  - carry forward any unused Hardship Fund allocated in ASC reserve into 2023-24 and use adult social care reserve to provide up to a further £1.7m for 2023-24

  - to continue to operate the fund for commissioned providers on a targeted, evidence-based basis. A framework is in development by commercial and financial colleagues which will provide a proactive insight into those providers most at risk of failure.

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Recommendations

- Approves the rates set out in the table at paragraph 4.4a-e of the Report as the Council's Usual Costs for both new and existing service users for each service specified effect from 1 April 2023 for the year 2023/24

- Approves the continuation of a Hardship Fund for 2023-24 for commissioned providers on a targeted, evidence-based basis as set out in section 3 of the report.

- Delegates to the Executive Director – Adult Care and Community Wellbeing in consultation with the Executive Councillor for Adult Care and Public Health authority to determine the detailed conditions governing the Hardship fund contained in section 3 of the report including the criteria for the making of payments.

- Delegates to the Executive Director – Adult Care and Community Wellbeing in consultation with the Executive Councillor for Adult Care and Public Health authority to determine the use of the Market Sustainability and Improvement fund aligned to the grant conditions once published and the principle recommended in section 5 of the report.

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