

Private and Confidential

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Date: 08 February 2022

Dear Louise

Re: Fee Uplift Proposals for 2022/23

This letter is to set out the Council position on this year's fee uplift, and to recognise the ongoing challenges that are being faced by the sector as a result of the pandemic and other factors, and to outline our intended next steps in the work we have been doing with you during this year on a fair cost of care model for residential and nursing care homes, alongside the impact of the changes coming in the new Social Care White Paper.

First of all, I want to thank you personally, and the BCA collectively, for working tirelessly to represent the sector at all levels within the Bradford system, whilst also supporting the sector and adult social care through what has been another incredibly demanding year.

As we are aware the past year has been very challenging, particularly in relation to recruitment and retention of staff and rising inflation, ongoing additional pressures due to Covid 19 restrictions and IPC measures, and for care homes in particular, reduced occupancy levels. We know that the coming year is likely to continue to be difficult and there remains a lot of uncertainty. We do not know what level of ongoing Covid 19 specific support, such as grants for social care providers or discharge to assess funding, will continue or indeed if it will continue.

The Government White Paper 'People at the Heart of Care' which was published in December, outlines the use of the £5.4 billion investment raised by the National Insurance increase. A key impact of this is the requirement to undertake collaborative cost of care work by September 2022, ahead of a plan to 'level up' care fees between LA rates and private fee payer rates. The work that the BCA has done with the Council and the CCG this year to model a new care home fee structure will stand us in good stead, but in the short term we need to wait for the full guidance for the new national approach before we can plan to move forward. From October 2023 the new care cap and higher thresholds for access to Council funding assistance comes in and this will have a big impact on the income the Council receives towards the cost of services. In 2022 there is £1.55 million for this work, and in 2023 & 2024 this will rise to around £6 million.

The Council's budget approach for 2022 during this period of ongoing uncertainty is to avoid new cost saving measures and redundancies. The Council is proposing to increase Council tax by 1.99% and apply the Adult Social Care precept of 1%. The impact of inflationary pressures has been calculated at £22.4 million across the whole Council. Inflationary increases will be weighted towards Adults and Children's Services with an additional £3 million being provided to Adult Social Care to enable an uplift that affords the National Living Wage Increase.

To provide some context Council staff pay increase is currently under discussion and the pay offer of 1.75% has been rejected by the Unions, but it is likely to be in the region of 2%, this means that the gap between the independent sector care staff pay and Council in house services continues to narrow.

It is the case, however, that previous budget savings targets for Adult Social Care, based on demand management measures and commissioning efficiencies, do remain in place at just over £5m recurrently.

Proposals for fee uplifts for 2022

Thank you for your input into the fee uplift process, and I hope you feel that we have had a transparent discussion about the factors we have taken into account, alongside giving you an understanding of the budget envelope we have for these uplifts.

For Residential & Nursing Homes we have calculated a 6.14% uplift on current base rates. This is based on 60/40 split of direct staff and non-staff costs, with the percentage NLW increase plus NIC increase at 1.25% and pensions costs applied to the direct staffing element and CPI at 4.2% being applied to non-staff costs.

For Home Support (including ISF 1, STEP and IPSAC framework) we have calculated 6.5%. This is based on the new UKHCA costing model but with adjustments to take out the travel time element as, in Bradford, travel time is part of the commissioned visit time, and reducing PPE and consumables by 50% in recognition of the ongoing government funding of PPE.

For Extra Care, Supported Living, Day Care and Direct Payments we have calculated 5.46%. We have altered the staffing model to 75% direct staff costs but have not applied a CPI inflation element to the non-staff costs because these services are not incurring the same level of inflationary pressures directly.

For other Services (HRS, Early Intervention Prevention Services, Advocacy etc) we have calculated 4.46%. This is based on 60/40% staffing non-staff split with no CPI applied to the non-staff element.

We believe these uplifts are fair, can be found within the allocations for inflationary uplifts within the council budget however, the pressure on Adult Social Care budgets continues to be stretched.

Bradford District and Craven CCG have been informed of these proposals and are committed to matching these uplifts for the related Council commissioned services it funds. This year it is our intention to take this proposal to the Joint Planning and Commissioning Forum and then to the System Executive Meeting in line with our shared view that our independent sector is an important and valued part of the Bradford health and care system.

With regards to Funded Nursing Care we are not yet aware of any announcements regarding a new rate for 2022.

The Council Executive will meet on the 17th February to formally agree the budget.

Ongoing Covid 19 and workforce pressures

As with 2021, we have been working on the principle that pressures arising from Covid remain separate to the fee uplift and cost of care processes and we will work with you to help with sector Covid pressures if further challenges arise. Our intentions remain the same in that we expect to require less residential and nursing care over time as we work in the coming year with you on testing out new models of home support, ahead of recommissioning of those contracts in 2023, and we develop our Extra Care strategy.

We have commissioned Skills for Care to work with us to produce a Social Care Workforce Strategy with targeted recommendations which can inform our collective actions to improve workforce recruitment and retention.

We look forward to continuing to work collaboratively with the BCA on other actions and measures we can take to support the sector and build sustainability. Iain MacBeath, in his national ADASS role and also as the lead for the Regional Commissioning network, will continue to work to influence the government to improve social care sustainability. The leader of the Council continues to be a strong voice for improved pay and conditions for social care staff.

As we have discussed, myself and Iain MacBeath are more than happy to attend a BCA providers' forum to discuss the fee uplift position, the plans for the next 3 years and to hear from BCA members about further actions that we can collectively take to support a sustainable care sector.

I look forward to continuing our collaborative approach in the coming year.

Yours sincerely

A handwritten signature in black ink that reads "J. Wood". The signature is written in a cursive, slightly slanted style.

Jane Wood,
AD Commissioning and Integration
Department of Health & Wellbeing

Cc: Iain MacBeath, Ali Jan Haider, Robert Maden