

Agenda Item No.

Committee:	Cabinet
Date:	9 March 2004
Title of Report:	Older People's Residential Fee Rates/ Fair Price for Care
By:	Director of Social Services
Purpose of Report:	To propose a new seven year independent sector fee rate model for private elderly residential care

RECOMMENDATIONS: Cabinet is recommended to :

- 1. agree to the aspiration of meeting the locally negotiated fair price for care as modelled by Laing and Buisson by 2011; and**
 - 2. agree to all new cases being placed using the 'Australian' dependency model from April 2004**
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1. Financial Appraisal

1.1 As part of the Reconciling Policy and Resources process, the net current budget for fees to residential providers is £12m (net of income). The proposals increase fee rates by an average of 6% per annum for 7 years. This will increase the base budget by £6.6m in real terms by 2011/12

1.2 The current medium term plan (i.e. for next 2 years) would cover the planned growth in fee rates over that period. This assumes that current standstill commitments continued to be funded in the medium term plan. Beyond the next 3 years, it would be imprudent to assume beyond an uplift of around 3%. In this case the difference between an average 6% rise in rates and 3% is some £0.75m pa and in such a scenario a major review would be required.

1.3 A comprehensive review point has been added to the agreement to ensure that the County Council and independent sector has opportunity to review commitment before the 2006/07 financial year, which will be the first year of the 2006 Comprehensive Spending Review. Clearly the County Council cannot foresee the effect of Government spending beyond this point and therefore can only aspire to the rates set out in this report from 2006/07

2 Background

2.1 Elderly and Elderly Mentally Ill (EMI) Residential beds represent 1695 beds or 49% of the independent sector community care beds supported by the department. The department has historically paid low fee rates for care and its base rate for Elderly Residential care has been an outlier both nationally and in the South East.

2.2 This was reported by the Joint Review in 2002 and has been an inhibitor in changing the way that Social Services commissions care, creating capacity issues in certain parts of the County. Since then the department has increased the base fee rate by an average of 6% per annum.

2.3 As East Sussex moves more towards becoming a commissioning organisation, it is important that we set out clear purchasing intentions to enable the independent sector to plan ahead to maintain sustainable business in residential care.

2.4 This strategy for raising independent sector fee rates in this area helps deliver the key policy steers of providing community care in the correct setting and becoming primarily a commissioning organisation. It also sits neatly alongside the need to support more people in their own homes as budgetary and capacity planning can be set with more certainty in the future

3 Supporting Information

3.1 A report entitled 'Fair Price for Care' was produced by Laing and Buisson in 2002. This considers all the costs involved in running elderly residential care, to calculate what is considered to be a 'fair price for care'

3.2 Since this publication the department has worked in partnership with independent sector representatives to model the effect of the Laing and Buisson recommendations in East Sussex. It was recognised very early on that the County Council could not move to these rates immediately due to the very high cost.

The current rates against the aspirational Laing and Buisson model are set out in Appendix 1.

4. Elderly Residential Fee Rate Proposals

4.1 The proposal is to aspire towards a seven year base rate increase to meet those set out by the Laing and Buisson model by 2011. This will be achieved using a two stage process ensuring that all rates are equidistant from the fair price levels by 2006/07 (see Appendix 2).

4.2 If this is implemented by 2006/07 all rates will be the same percentage below the Laing and Buisson rates and will systematically move towards this rate by 2011/12 bearing in mind the need to inflate the Fair Rate by inflation. However the department's aspiration to meet the fair price rates by 2011 will be dependent on the outcome of the 2006 Comprehensive spending review

5 Linking Dependency to Payment

5.1 In the current year a pilot was undertaken mapping the menu costing rates to a dependency model known as the 'Australian' model. This objective model scores each aspect of a customer's dependency, for instance, communication, to derive an overall dependency level (see Appendix 3)

5.2 In tandem to this agreement the Australian model will be used to map a client's dependency to fee rates to create transparency and an objective menu costing. This will be used when placing all new elderly residential clients from April 2004.

6. Conclusion and Recommendation

6.1 These recommendations will enable the Council to work on a more sound footing with providers to improve partnership working and help ensure continuity of supply for service users.

6.2 It is a key component of our overall commissioning strategy for Older People and will help to ensure that customers receive the appropriate care in the appropriate setting.

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