



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

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**Report of:** *John Macilwraith, Executive Director of People Services*  
**Report to:** *Co-operative Executive*  
**Date of Decision:** *16th March 2022*  
**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? Reference: 1162		
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:- N/A		

**Purpose of Report:**

*The purpose of this report is to seek approval for the recommended increases in fee rates for Council contracted and framework independent sector care homes, home care, extra care, supported living and day activity providers in Sheffield for the financial year 2022-23. The report also seeks approval for the recommended increase in Direct Payments for people who choose this means of arranging their own care and support. This report sets out the process that the Council has followed and the analysis that informs the proposed fee rates to ensure a sustainable, quality and diverse social care market. The report also outlines the ambitions of the Council to deliver long term transformation in the city's care*

markets that improves outcomes for people and underpins the sustainability of the market.

**Recommendations:**

It is recommended that the Co-operative Executive:

1. Approves an increase to the fee rate for day activities and standard rate care homes of 3.13%.
2. Approves an increase to the fee rates for home care, extra care (care element only), and supported living on the Council's standard contracted and framework rate and to direct payment providers of 3.14%.
3. Approves an increase for non-standard residential care rates that are individually negotiated and for council arranged respite care of 3.13% subject to contractual compliance.
4. Approves an increase to the personal assistant rates used by people in receipt of a direct payment of 3.15% plus the cost of the Employer Pension Contribution (individually applied and total budget pressure not exceeding budget).
5. Delegates authority to the Executive Director of People in consultation with the Director of Adult Health and Social Care and the Director of Integrated Commissioning and the Executive 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.
6. Delegates authority to the Executive Director of People in consultation with the Director of Adult Health and Social Care, the Director of Integrated Commissioning and the Executive 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.

Lead Officer to complete:-	
1	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: <i>Liz Gough</i>
	Legal: <i>Steve Eccleston</i>
	Equalities: <i>Ed Sexton</i>
	<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>
2	<b>EMT member who approved submission:</b>  <i>John Macilwraith</i>
3	<b>Cabinet Member consulted:</b>  <i>Cllr George Lindars-Hammond</i> <i>Cllr Jayne Dunn</i>
4	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> Joe Horobin	<b>Job Title:</b> Director of Commissioning
<b>Date:</b> 21/02/2022	

1.	<b>PROPOSAL</b>
1.1.	It is proposed that the Council will:  Provide a 3.13% increase in the fee rate for all standard rate placements in residential and nursing homes that reflects the difference between the wage levels calculated in the fee rate for 21/22 (£9.21) and the new National Living Wage for 22/23 (£9.50) for the staffing element of the fee rate increase and the Consumer Price Index (as at September's CPI – the month used by DWP for calculating pension contributions) for non-staffing costs.
1.2.	Provide a 3.14% increase in the fee rate for home care, supported living, direct payment activity spend and extra care (care hours element) that reflects the National Living Wage increase and the Consumer Price Index for non-staffing costs as at 1.1.
1.3.	Provide a 3.15% increase in the rate for Personal Assistants paid for by a direct payment that reflects the National Living Wage increase (as at 1.1) plus the increase in employers National Insurance Contribution.
1.4.	Provide a 3.13% increase to non-standard residential care, council-arranged respite care and day activities that reflects National Living Wage and Consumer Price Index (as at 1.1). This increase is to be applied to individually negotiated fee rates with providers of non-standard residential care and respite care subject to contractual compliance.
1.5.	It is proposed that these rates take effect from 10th April 2022
1.6.	<b>The following report ensures that the proposals:</b>
1.6.1.	Are informed by consultation with local social care providers.
1.6.2.	Balance significantly increasing costs for care providers with increasing costs for the Council's other essential services in the context of a budget balanced through use of reserves and ambitious savings in 2022/23.
1.6.3.	Are informed by analysis of local, regional and national evidence.
1.6.4.	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.

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<b>2.</b>	<b>HOW DOES THIS DECISION CONTRIBUTE?</b>
2.1.	<p><i>This decision seeks to ensure that funding arrangements for framework, and individually contracted rate fees and direct payments 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, day activities, home care, supported living, respite care and Direct Payments 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.</i></p> <p><i>The Council is committed to engaging and working with care providers to drive our shared ambition to raise pay and conditions. The Council will work with the care market to bring forward further support and changes to our commissioning and contracting that deliver on our strategic direction for adult social care and ensure a sustainable and quality market that delivers our ambitions for improved pay, terms and conditions for the care workforce in Sheffield.</i></p>
2.2.	<p><i>The proposals have been developed in consultation with social care providers and analysis of the local care market by the Council's Adults Commissioning and Contracts team. The recommendations 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 the context of other significant pressures in Adult Social Care. Chief among these is the increased demand the Council has experienced in relation to the COVID-19 pandemic and ongoing pressures across the health and care system.</i></p>

<b>3.</b>	<b>HAS THERE BEEN ANY CONSULTATION?</b>
3.1.	<p>The Council has consulted with care homes, day activities providers, and with framework home care and supported living providers on the standard rate for these sectors.</p> <p>The Council's Direct Payments Improvement Programme has continued to drive a range of improvements to the Council's approach to direct payments and supporting people who wish to use this flexible approach to managing their own care and support. This programme is coproduced, and all improvements are developed through project groups</p>

	<p>that include direct payment recipients to ensure the best outcomes for people.</p> <p>Home Care and Supported Living Care providers have also been consulted with formally during winter 2021/22 and their views, along with those of other providers, are provided in full (anonymised) in the Market Analysis and Consultation Report at Appendix 1.</p>
3.2.	<p><b>Provider consultation on Key Costs and Pressures:</b> The Council wrote to care home, supported living and home care providers with an initial proposed fee rate increase. The letter was sent to providers in January for them to consider and provide feedback on. Providers were able to provide feedback by several channels including by return email or letter, via a short form provided by email or directly with commissioning or contract officers.</p> <p>The summarised consultation feedback and market analysis can be seen below and the more detailed consultation report and analysis is attached at Appendix 1.</p>
3.3.	<p><b>Evidence of Care Costs:</b> Providers were encouraged to provide any supporting information regarding costs and pressures during formal consultation phase as well as during the course of the last year. This is also described more fully below and in the consultation report attached at Appendix 1. This consultation is a precursor to the further work to be undertaken by the Council to establish a fair cost of care in line with new requirements by the Department of Health and Social Care over the next six months.</p> <p><a href="https://www.gov.uk/government/publications/market-sustainability-and-fair-cost-of-care-fund-2022-to-2023/market-sustainability-and-fair-cost-of-care-fund-purpose-and-conditions-2022-to-2023">https://www.gov.uk/government/publications/market-sustainability-and-fair-cost-of-care-fund-2022-to-2023/market-sustainability-and-fair-cost-of-care-fund-purpose-and-conditions-2022-to-2023</a></p>
3.4.	<p><b>Strategic Review of Older People’s Care Homes:</b> The Council reported (Cabinet 17<sup>th</sup> March 2021) on the Strategic Review of Older People’s Care Homes which had been commissioned from external consultants, Cordisbright in partnership with LangBuisson. This included consultation with a wide range of care home providers in the city. This review has since concluded, and the key findings of the report were shared with care home providers in the summer of 2021. The report is attached at Appendix 2.</p>
3.5.	<p><b>Market Position Statement:</b> A Market Position Statement for Learning Disabilities and Autism Accommodation with Support has been produced in collaboration with the Clinical Commissioning Group and the South Yorkshire and Bassetlaw Integrated Care Partnership. This is provided at Appendix 3.</p> <p>A Market Shaping Strategy has recently been commissioned and it is expected that this will report in Spring 2022 and will provide a high-level</p>

	indication of the Council’s plans for shaping the adult social care market to ensure it is fit for the future.
3.6.	<b>Overall summary of provider consultation feedback</b>
	<p>The key issues raised by providers across all types of care provision were the impacts and pressures caused by the ongoing effects of the pandemic including staff burn out, difficulty recruiting and retaining a stable workforce due to competition from other sectors, increased demand in home support and decreased demand in some care homes and overall increased acuity of people needing care and support.</p> <p>The pandemic has continued to place significant pressure on providers in terms of additional costs relating to infection control measures, staff sickness and changes in demand for care. These impacts vary for each type of care and are set out in more detail in the appendix.</p> <p>Providers also told us about other challenges and pressures which impact on their costs, and which aligned with the feedback received in previous consultations with the sectors</p> <ul style="list-style-type: none"> <li>• Challenges they face of recruiting and retaining good quality care staff – exacerbated by higher pay in logistics, retail and hospitality.</li> <li>• Their ambition to move towards paying the real foundation living wage</li> <li>• Non-staffing costs increasing by more than the CPI rate used to model the fee rate with the rate of inflation set to continue into the next 12 months. Many providers cited a disproportionate impact of inflation on specific aspects of their cost base e.g., utilities, fuel, insurance and food.</li> <li>• Concerns about the long-term costs of increased PPE and Infection Prevention and Control measures and the expected cessation of various short-term Government and NHS grants currently underpinning the viability of providers across a range of sectors.</li> </ul>
3.7.	<b>Older Adult and Standard Rate Care Homes Consultation Feedback Summary</b>
3.7.1.	A consultation questionnaire was issued to care home providers and received 18 responses from providers representing a total of 35 homes. In addition, a further 5 providers submitted evidence towards the consultation but not on the questionnaire provided. Of these 35 homes, 6 homes classed themselves as non-standard, 3 of which specialise in adults’ mental health. One home classed themselves as a home targeting self-funders with few council funded placements. The remaining 28 homes classed themselves as a standard rate care home mainly accepting the council’s current standard rate of £530 per week.

<p>3.7.2.</p>	<p><b>The Sheffield Care Association (SCA).</b> The SCA was formed by a group of care homes in 2018 to represent the older adults care home sector in the city. The Council welcomes the opportunity to engage with a representative body and work in partnership with all providers in the city with regards to development of the sector and the Council’s relationship with care homes. The Council has continued to meet with representatives from the SCA over the last year to discuss key challenges facing the sector including staffing retention and recruitment, the impact of mandatory vaccination, training and sector routeways for the workforce, issues attracting and retaining nursing staff and the physical environment of care homes in the city and investment needed to bring these up to date.</p> <p>A focus group was held with SCA and officers from the Council and Sheffield Clinical Commissioning Group in January to look in detail at the specific cost drivers and pressures for care homes. The minutes of this meeting are included in the Market Analysis and Consultation report at Appendix 1. In addition the letter received from them in response to the consultation is attached in full.</p> <p>The key points by the SCA on behalf of their membership are as follows:</p> <ul style="list-style-type: none"> <li>• <i>The base fee model used by the Council does not address financial sustainability issues of providers in the current market. See response below.</i></li> <li>• <i>Fee model used by the Council is based on 90% occupancy for providers. This is not happening in effect. Instead, providers are having to spread fixed costs across lower occupancy levels.</i></li> <li>• <i>The current fee model does not allow for sufficient return on investment.</i></li> <li>• <i>Longer term effects of Covid are likely to continue in the longer term. Any relief support should be based on an indemnity basis and occupancy levels should be considered.</i></li> <li>• <i>That Covid related support has been insufficient to meet care homes’ needs.</i></li> <li>• <i>Non-completion of the strategic review of older peoples care home market. The lack of a third-party consultant to review costings and market stability.</i></li> <li>• <i>Nursing care homes may be particularly disadvantaged as a result of the pandemic.</i></li> <li>• <i>There is reducing access to income from self-funders and third party top up fees.</i></li> <li>• <i>Residential clients are getting older and frailer at the point they are admitted to residential/nursing care and this increases their costs.</i></li> <li>• <i>Sheffield does not offer a ‘dementia supplement’. Some providers have raised this as an issue.</i></li> </ul>
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<p>3.7.3.</p>	<p><b>Staffing related costs:</b> <i>Providers fed back their view that the fee rate should be increased to enable providers to appropriately reward staff and pay above National Living Wage. While the Council increased the fee rate above the minimum inflationary related increase for 21/22, homes have not been able to passport this to increasing staff wages above the minimum wage. Providers cite competing priorities/costs which have absorbed the additional increase in the fee rate including those below:</i></p> <p><i>There are challenges for providers in recruiting and retaining staff, particularly nurses, which mean that many seek to offer staff slightly above the minimum wage in order to remain competitive employers. Providers are also paying high agency costs including ‘finders fees’ for nurses but also for senior staff. Providers also told us that maintaining wage differentials between front line and management staff is key to retaining good managers and sustaining care quality through strong leadership.</i></p> <p><i>Some providers raised concerns about the need for higher staffing ratios as the acuity of residents has increased in recent years. They also described increased training and recruitment costs as well as the impact of employer pension contributions which have increased by 1% year on year for several years.</i></p> <p><i>From April, all employers will also face an increase in their Employers’ National Insurance contribution, ironically the Health and Social Care levy, which will increase employment costs in addition to a much higher than anticipated increase in the national living wage (minimum wage). This will also slightly increase the pay on which pension contributions are based although pension contributions are not being increased this year per se.</i></p> <p>The Council recognises and values the role that social care staff play in supporting some of the most vulnerable people in our city and understands the impact of the minimum wage and National Insurance increase for providers. The recommended fee is based on applying the difference between the above minimum wage increase last year (which enabled providers to increase wages up to £9.21 per hour) and the 2022/23 minimum wage increase (£9.50) on all staffing related costs (3.15%). The balance between staffing and non-staffing used to weight the increase reflects nationally recognised ratios and the information submitted by providers during consultation, while suggesting that some providers are seeing above 75% staffing costs, does not evidence this in costings provided. Other authorities tend to use a lower weighting staffing element of the fee rate.</p> <p>Sheffield City Council have reflected upon feedback from consultation and are proposing to increase the fee rate by 3.13% for care homes and day activities, and 3.14% for home support and 3.15% plus the individual employers National Insurance contribution for Personal Assistants.</p>
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	<p>Council Commissioning and Contracts teams will work closely in collaboration with all providers through the procurement changes in each of these sectors over the next 18 months to ensure progress by the sector towards Foundation Living Wage at the point of reprocurement. The Council is committed to working with providers in each sector to enshrine improved terms and conditions for the care workforce in future contracting arrangements.</p> <p>The financial and operating context for all types of care provision remains volatile and requires dynamic and ongoing risk assessment to ensure a sustainable, quality market. The impact of this fee increase will therefore be closely monitored, and the cost of care further examined for each type of provision over the next six months in response to Department of Health and Social Care requirements to pay a fair cost of care, to ensure effective planning for the implications of the new care cap and to ensure that procurement plans optimise value for money through improving funding security and embedding enablement and quality outcome-based contracts.</p> <p>The final proposed increase in the fee rates reflects the Council's commitment to taking on board the feedback of providers and ensuring a sustainable, quality and diverse adult social care market in the city in the context of significant budget constraints as a result of long-term underfunding of local authorities and particularly social care by Government over the last decade.</p>
3.7.4.	<p><b>Original Cost Model and Rate:</b> <i>Providers have questioned whether the costing model used by the Council accurately reflects the cost model of care within care homes.</i></p> <p>Sheffield City Council continues to support the methodology it uses to set the base rate for the cost of care.</p> <p>The consultation with providers asked them to confirm the split in their costs between staffing and non-staffing costs. In previous years we have used a figure of 71% to calculate increases in staffing costs in standard rate care homes in line with open book evidence from local providers and aligned to the nationally cited split of costs in this sector. Consultation questionnaire responses suggest an increased proportion of 75% of costs are now due to staffing and within this average, a significant level of variation. This is currently being triangulated with the evidence submitted via the cost proforma exercise which has seen 3 returns from providers. The same exercise completed by care homes last year showed significant variation and this is expected to be the same this year. There are challenges with assessing the true cost of care from the proforma unless there is transparency of income and the mixed care and residency model (e.g., nursing care, self-funders, health funded etc.) which may increase cost but also increase income.</p> <p>The increased ratio of staffing to non-staffing suggests that these providers are using third party contributions, have more complex income</p>

	<p>streams (e.g., health funded or enhanced support packages for some residents), a mixed economy, are sustaining ongoing losses or subsidising from homes elsewhere. The homes with the lowest costs are those that have low or no mortgage or rental costs and lowest corporate overheads.</p> <p>While some providers have questioned why Sheffield has a single flat rate, the cost of care exercise and subsequent open book exercises have not indicated differentiated costs. Feedback from providers also indicates that standard residential care faces levels of acuity now, including dementia and extreme frailty that has eroded the difference in costings between residential and nursing and dementia that used to be much more distinct.</p> <p>The question of the appropriateness of a single rate was raised by providers with the independent consultants who undertook the strategic review of older people's care homes.</p> <p>The fee rates and specification for care will be within the scope of the implementation of the Strategic Review and there are ambitious plans to establish a new procurement framework for care homes that will reflect the required levels, type and quality of care needed in the city and seek to embed the Council's commitment to ensuring that providers pay real living wage with improved terms and conditions.</p> <p>The external consultants pointed out that in authorities that do differentiate the fees, the proprietors often complain that the differentiation of £20 or £30 per week does not reflect the actual differential costs of providing care to people with complex needs.</p> <p>Providers indicated that they need to see an improved return on investment within the fee rate and for some, capital investment will be important to ensure that the physical infrastructure of their care homes remains fit for purpose longer term.</p> <p>As part of the consultation exercise providers were asked to submit costings via a proforma to reflect spend with four providers representing ten homes sending their costings back in a range of formats.</p>
3.7.5.	<p><b><i>Non-Staffing Costs:</i></b> <i>Some providers described non-staffing costs rising by more than the CPI rate used to calculate inflation on these costs.</i></p> <p>The Council believes that the Consumer Price Index remains a reasonable index for adjusting non-staffing costs associated with running a care home as it covers (food, utilities etc.). However, the Council also takes on board the concerns of some providers that not all their non-staffing costs are appropriately weighted within the CPI calculation.</p> <p>The Council also acknowledges the feedback from the independent consultants that some authorities use a basket of measures alongside the CPI in order to establish a more bespoke cost of inflation on non-</p>

	<p>staffing costs. The Council has used a figure of 3.1% to model the increase in the non-staffing element of the fee rate (the September CPI rate also used by the DWP to set pensions).</p> <p>The Council also acknowledges that the CPI rate is currently above 3.1% at the point of publishing this report. The Council is committed to monitoring the impact of inflation on the care sector over the next 12 months and to reviewing the overall cost of care delivery over the next 12 months in line with the Government's requirements on Council's and funding to support '<b>Market Sustainability &amp; Fair Cost of Care</b>'. This work will maximise any opportunity to secure any additional funding into the sector from Government and directly inform ambitious and transformational changes in procurement and contracting with the sector underpin the long-term sustainability of a diverse, quality care home market fit for the future as well as increased cost transparency and market oversight.</p>
3.7.6.	<p><b><i>Return on Investment:</i></b> <i>Some providers raised issues with the rate of return on investment.</i></p> <p>The Council acknowledges the importance of return on investment and capital as a component of the fee rate and these were modelled within the cost model in 2017 which has been subsequently increased each year. The return on investment was based on 2% above base rate. This has been increased annually by the September CPI in subsequent years.</p> <p>The Council acknowledges that the return on investment that is built into the rate for care homes in the city is relatively low however this depends on the financial structuring of the home, exposure to debt etc and remains more stable than the base rate. Providers are still entering the market in the city with significant interest in acquisition demonstrated by recent changes in ownership locally. The Council acknowledges however that the return on investment will need to be considered in the implementation of the Strategic Review of Care Homes in order to ensure the development of a sector fit for the future needs of the city.</p>
3.7.7.	<p><b><i>Impact of Covid19:</i></b> <i>Most providers had concerns about the ongoing impact of Covid19 in terms of higher costs and lower income resulting from lower occupancy.</i></p> <p>The increase in costs and reduction in income relating to the pandemic have been partly offset by a complex combination of government grants and support but there is understandable anxiety about what support will continue beyond the current Government grants.</p> <p>The Council continues to lobby government regarding funding for social care as a critical area for increased funding and in relation to the need for ongoing pandemic specific support and, as stated above, is committed to working with the care market to ensure that the conditions</p>

	<p>for accessing <b>‘Market Sustainability &amp; Fair Cost of Care’ Funding</b> are met.</p> <p>The Council also continues to provide additional support to care homes to help with the effects of the pandemic. More information about the support provided can be found below (4).</p> <p>The Council will continue to monitor the impact of the pandemic and the fee increase over the next year and assess risks to continuity of care and compliance with the Care Act’s duty regarding the care market. Where appropriate the Council will take proportionate action to mitigate risks and minimise the impact of market adjustment for residents.</p>
3.7.8.	<p><b>Support with lower occupancy – linking occupancy to the fee rate:</b>  <i>Some providers have said that the fee rate should be adjusted based on Covid19 related lower occupancy. The pre-pandemic market was stable over many years with an occupancy of 92-95% occupancy. Current average occupancy is around 80% with significant variation between homes. The lowest occupancy tends to be in more traditional residential care homes with some nursing provision now at higher occupancy than pre-pandemic.</i></p> <p>The Council acknowledges the impact that such low occupancy has on care homes affected. This is also highlighted by the independent consultants who state that most care homes require occupancy of 90+% to ‘break even’. However, the Council, and most providers, do not expect the Council to subsidise empty beds indefinitely and acknowledge the need for a degree of market contraction.</p> <p>The average occupancy is in line with the impact on occupancy elsewhere both regionally and nationally and, as elsewhere, hides a huge variation in occupancy with some homes operating at less than 40% and others above 90%. Occupancy is however only one indicator of viability with other factors such as scale, reserves, group structures and debt exposure also being key determinants of viability and business decisions.</p> <p>The impact of Covid19 on occupancy has been felt across council funded and self-funded providers in roughly equal measure. Adjusting the fee rate against occupancy would benefit providers with above average occupancy and remain insufficient for those operating with lower occupancy. The Council will continue with a targeted approach to support providers where necessary to support a managed contraction of the market over the next two years through the implementation of recommendations from the Strategic Review of Care Homes.</p> <p>The Strategic Review of Care Homes undertaken by independent consultants Cordisbright and LaingBuisson in late spring 2021 provided recommendations for the reshaping of the market for older people’s residential care both in the short to medium term as some providers consider exiting the market due to the sharp dip in demand, and others</p>

	<p>consider longer term plans and potentially new models of providing care for those who need it.</p> <p>Support is available to care homes in financial distress who have provision that is in line with likely future demand and where they have a robust business case for short term support within the constraints of subsidy control. Support is also available for care homes who wish to exit the market to ensure that they are able to do this in a safe and planned way that enables the safe transfer of care for residents.</p> <p>Some providers have suggested nursing homes have been disproportionately affected. Where a particular type of provision is disproportionately affected and this threatens to impact on the continuity of care for residents needing this type of care, this will be considered in the allocation of support to providers in financial distress.</p> <p>Recent home closures have been smaller, local homes while recent sales have been part of larger groups. This suggests that larger groups can subsidise homes to the point of sale while smaller providers cannot.</p>
3.7.9.	<p><b>Comparison with other Authorities:</b> <i>Providers have told us that they feel that Sheffield rates do not favourably compare when benchmarked with other Authorities in core cities or locally.</i></p> <p>The concern from providers regarding Sheffield fee rates is mainly from the care home sector. Sheffield is the only authority in the region that uses a single base rate for all older people’s residential care.</p> <p>Sheffield differs from most other local authorities in that we pay a single rate of £530 per week for standard care in a care home regardless of whether that care is residential or nursing or with/without dementia. This ranks quite low amongst the rates currently paid by other local authorities. For Residential Care Sheffield ranks 10th out of 15 when compared to the minimum rate paid and 12th out of 15 when compared to the maximum rate. For Nursing Care Sheffield ranks 11th out of 15 when compared to the minimum rate paid and 13th out of 15 when compared to the maximum.</p> <p>The review by independent consultants in March last year compared Sheffield rates with other core cities based on average price paid rather than the base rate. Out of the 8 core cities Sheffield ranked 8<sup>th</sup> for Nursing Care and 7<sup>th</sup> for Residential care and 7<sup>th</sup> overall.</p> <p>It is noted that the fee rate paid by Sheffield does not compare favourably to that paid by other regional authorities and core cities. This can be explained in part by comparatively low rent, mortgage and land costs in the city and the historically higher and consistent levels of occupancy experienced in the city compared to other areas.</p>

	<p>The Council remains committed to supporting all types of contracted provision to move towards foundation living wage over the next few years and will be working with the care sector in the city to respond to the conditions and access funding via the Government's '<b>Market Sustainability &amp; Fair Cost of Care</b>'. This, along with the changes in procurement linked to level and quality of care over the next 12-18mths are likely to enable Sheffield to compare more favourably in future years.</p>
3.7.10.	<p><b>Cost of Equipment:</b> <i>Providers told us that frailer residents require more specialist, expensive equipment that the provider needs to purchase and then store when not needed.</i></p> <p>The Care Home Equipment Loan Service Guidance has been in existence since August 2018 and was widely consulted on and agreed with Care Home managers. The guidance was recirculated to care home managers again in 2019 and 2020 and will be recirculated in response to this feedback.</p> <p>The guidance outlines the responsibilities of the Care Homes with regards to the provision of equipment and the circumstances in which the Integrated Community Equipment Loan Service (ICELS) will loan standard and special equipment as well as how to return it to the equipment provider. All equipment (including profiling beds for end of life care) loaned to Care Homes has to be prescribed by a health care professional and the ICELS considers all requests on an individual basis. The ICELS was retendered in 2019/20 and the Council has worked closely with the new provider to ensure that the loan service is working for providers and that equipment is tracked and returned when no longer required. This will reduce costs for homes, ensure appropriate use of prescribed equipment and avoid homes storing equipment that is no longer required.</p>
3.8.	<b>Extra Care Consultation Feedback Summary</b>
3.8.1.	<p>There is now one provider of Council funded extra care who also delivers homecare in the city. The service element of the contract was extended this year due to constraints on provider and officer time resulting from prioritisation of resources to responding to the pandemic. The service contract will be reprocured this year however and is outside the scope of this fees consultation however the contract will be reviewed in preparation for re-procurement this year.</p> <p>The consultation feedback is included in the home care feedback below as the provider delivers both extra care and home care.</p>
3.9.	<b>Home Care Consultation Feedback Summary</b>
3.10.	<b>Consultation Process &amp; Response</b>

	<p>All 35 contracted providers were invited to provide information via the following methods to support the process of determining provisional fee rates:</p> <ol style="list-style-type: none"> <li>1. Completing a questionnaire regarding their split of operating costs; forecasted overall increase in costs; any distinct element with a new or changed financial impact on operating costs; any additional information they wish to be considered.</li> <li>2. Submission of 'open book' details of operating costs and accounts.</li> <li>3. Submission of any correspondence (emails or letters) to the Council within the past 6 months containing content relevant to the consultation.</li> </ol> <p>The consultation process was open for three weeks, from 21<sup>st</sup> January to 11<sup>th</sup> February 2022.</p> <p>The response rate for each element was as follows:</p> <table border="1" data-bbox="652 938 1182 1095"> <thead> <tr> <th></th> <th>Responses</th> </tr> </thead> <tbody> <tr> <td>Questionnaire</td> <td>12</td> </tr> <tr> <td>Open book accounts</td> <td>0<sup>1</sup></td> </tr> <tr> <td>Prior correspondence</td> <td>1</td> </tr> </tbody> </table> <p>The responding providers represent 36% of the commissioned market.</p>		Responses	Questionnaire	12	Open book accounts	0 <sup>1</sup>	Prior correspondence	1
	Responses								
Questionnaire	12								
Open book accounts	0 <sup>1</sup>								
Prior correspondence	1								
3.11.	<b>Supported Living Consultation Feedback Summary</b>								
3.11.1.	<p>Supported Living services are 'called off' from 2 Framework contracts presently – The Framework Agreement for the Provision of Home Care and Supported Living Services and the Regional Enhanced Supported Living Framework. Details of these are provided in the Market and Consultation Analysis at Appendix 1.</p> <p>Supported living is now the single largest service area for local people with a learning disability in Sheffield. Approximately 748 people have support from supported living providers – either in their own tenancies or in their family homes, with contracted or non-contracted providers. The majority of support is arranged by the Council, with a smaller number of people funding their support through Direct Payments.</p> <p>The current Supported Living Framework was varied last year to revise the Expiry Date from 03/10/2021 to 09/04/2023.</p> <p>In addition to providers who deliver services under the Council's framework contract, there are 9 non-contracted providers supporting approximately 21% of the people in Supported Living. One of the</p>								

<sup>1</sup> One provider did not submit accounts as part of this exercise but offered to do so separately.

	<p>strengths of the framework is the diversity of providers, a mix of large and small companies - local, regional and national, with the majority being 'not for profit' organisations. The hourly rates are aligned with the geographical rates for home care services. There is also a discounted rate for supported living services that provide over 56 hours in any one property location, and an hourly rate for night time support.</p> <p>We are confident that our sleep-in rate is an hourly rate that is sufficient for providers to ensure that minimum wage is covered for sleep ins we commission. We are planning however to consult with providers over the next year to establish how much of the hourly rate we pay is paid directly to workers. The local framework prices provide a 'guide price' for non-framework providers, helping ensure financial transparency and value for money for people accessing them through their Direct Payments.</p> <p>A number of the Framework providers work across the region. Since 2019, there has also been an Enhanced Regional Framework in place to support the provision of services for people moving out of long stay hospitals as part of the Transforming Care agenda. There are 5 Sheffield Supported Living Framework providers who are also on the Enhanced Regional Framework. There have been three call offs from this Framework for three new supported living sites. It has been helpful to use the enhanced hourly rates (between £18-£23) to reflect the additional and specialist support to meet the tenants' assessed needs. However, the Enhanced Regional Framework expires on March 31<sup>st</sup> 2022 and the Council intend to procure a local enhanced Framework as a replacement.</p> <p>The feedback from supported living providers reflected that of other sectors as described above. Providers told us that the main cost pressure for providers is around maintaining staff wage levels to meet the statutory minimum wage requirements, remain competitive and commensurate with the ongoing commitment shown by workers during the pandemic. There is also a continued need to maintain a differential in pay between support workers, senior workers and managers.</p> <p>During the consultation, providers also raised concerns in relation to cost of living increases which impact on their non-staffing costs and the rising cost of living for their workforce.</p> <p>All providers raised the additional pressure of the rise in national insurance.</p> <p>In terms of recruitment and retention, providers are reporting an increase in recruitment costs as they compete with a number of other sectors e.g. retail (Amazon, Aldi). As well as investing in recruitment processes, they are offering a number of financial incentives e.g. refer a friend or long service bonuses</p>
3.14	<b>Mental Health Care and Support consultation feedback summary:</b>



Mental Health provision has previously been managed on a slightly different basis and fees reflect progress in the delivery of specified outcomes for residents. This year however, Mental Health provision has been included in the overall market and fees review and consultation in recognition of the shared impact of changes to costs and the pressures on this market and to ensure parity of approach to fees with other sectors.

Mental health providers for adults aged 18-65 can be broadly split into two categories, and more detail will be provided later in this section of the report:

- Those who provide **residential/nursing care** – this can include psychological input and/or support in growing towards independence and recovery.
- Those who provide **support in the community**, helping people maintain their day to day lives and, sometimes, move towards independence and recovery.

2021/22 has been a challenging year for all kinds of mental health providers as the pressures of Covid-19 have continued across the whole of the mental health pathway, as in other sectors. All providers have had to experience staff shortages due to Covid-19 (either through sickness, isolation or the compulsory vaccination for staff requirement). Some care homes have experienced outbreaks. All providers have had to adapt to changing government requirements and have had to change the service they offer to meet the service users' particular needs and preferences. This has undoubtedly been a stressful and uncertain time. In addition, aside from Covid-19, providers continue to face the financial challenge of providing a specialised service to Sheffield people within straitened resources.

The Council has a variety of financial and contractual arrangements with mental health providers, and specific details will not be provided in this report as the rates are individually negotiated. In addition, some (but not all) fees are paid on a 50:50 arrangement with Sheffield Clinical Commissioning Group if the person is eligible for Section 117 aftercare as set out in the Mental Health Act 1983.

In the past, mental health provision has not been included in the automatic fee uplifts process (apart from for direct payments in 21/22) because the provision available is so varied and providers differ so much in the recovery outcomes they are able to offer. However, for the financial year 2022-23 the approach will change: it is proposed that mental health providers do receive an automatic fee uplift in line with other non-standard provision. This change in approach is because commissioners recognise the unique challenges of the current time for

	<p>all the care sectors and want to ensure parity for mental health with other types of need across the city.</p> <p>Some providers offered feedback outside of the formal process, requesting uplifts ranging from 3.6% to 4.4%. These requests stated the need to increase staff salaries in line with the Living Wage Foundation and also recognised the increase in costs, with inflation set at 5.1%. Underpinning these requests was a desire to maintain service quality.</p>
3.12.	<b>Non-standard rate residential care for people with complex needs consultation feedback summary:</b>
3.12.1.	<p>Over the last 24 months the Council's commissioning officers, with support from finance and commercial services, have worked with a number of non-standard rate residential providers through a Value for Money and Quality project to review the individually negotiated fees in this sector. Where a provider believes that such a review is appropriate for placements with them, we will undertake this via this project over the next year and make adjustments as appropriate.</p> <p>Council and Sheffield Clinical Commissioning Group commissioners and contract managers work closely together on quality monitoring and on developing a robust approach to developing and ensuring value for money from the non-standard complex residential market. This includes jointly undertaking Value for Money and Quality reviews of providers supporting people with jointly funded packages of care and working together to try and ensure aligned fee increases each year.</p> <p>Respite provision for people with learning disabilities was included in the annual market analysis and fees review for the first time last year. The current market remains unchanged, with 6 providers, 3 of whom provide a service within a residential setting, the other 3 using a Supported Living model. The arrangements for payments are also varied with 2 providers as Council Arranged Services and 4 paid via a Direct Payment. All 6 providers are registered as non-standard short-term residential services.</p> <p>A review of respite services and consultation is being undertaken to gain a greater understanding of this very varied provision, with the intention of going out to tender later in the year.</p> <p>Providers can request a joint Value for Money and Quality Review of their provision and fee rates by the Council and the Sheffield Clinical Commissioning Group.</p>
3.15	<b>Day Activities:</b>
3.15.1	Day activities provision was included in the annual market analysis and fees review for the first time last year. The proactive commissioning approach has continued to develop with this sector despite the huge

impact of the pandemic on providers and the people who access these services.

The local market for community and day opportunities for adults with dementia and learning disabilities in Sheffield is diverse, ranging from mainstream community organisations to high-cost provision for people with specific or complex support needs.

The size and offer from providers vary widely from large services with turnover exceeding £1m per year to small organisations employing only one part time member of staff. Most organisations provide building-based activities as well as some delivering support in the community and outreach.

In total, there are currently approximately 850 individuals accessing independent sector day activities from around 45 local providers.

Three (3) new Dementia Day Activities contracts have been procured from 1<sup>st</sup> Feb 2022, delivered by 4 independent providers on a block contract basis. More details are provided at Appendix 1.

Ten (10) day service providers are currently on the Recognised Provider List (RPL) and are monitored via an annual self-assessment and risk assessed to determine whether a quality visit is undertaken.

There are 5 separate routes into 'day services' – spot purchase, self-funders/self-referrals, block contracts, and direct payments.

There is also currently a wide variation in the daily rates for day service providers, ranging from £40 to £400 per day.

The consultation on fees was sent to a total of 39 organisations, both framework and non-framework providers. 8 responses were returned representing 20.5% of the market. All the responses received were from framework providers and raised the same issues as their counterparts in other social care sectors i.e. the pressure of the minimum wage increase, competing in the labour market, increased non-staffing costs including additional expenses incurred during the pandemic. More details are provided at Appendix 1.

The last year has seen huge progress in commissioning in establishing the scope and ambitions of the sector as well and the continued development of strong working relationships with providers. Plans are in place to build on these foundations, working with people who use services and with the market, to develop a procurement approach that supports the market, encourages diversity, and enables commissioners to continue development through co-production and engagement with the sector, individuals, and the wider community for people with council arranged services and those using a direct payment to purchase their own care.

This year it is proposed that the increase for this sector is based on the same increase calculated for home care.

3.16	<b>Direct Payments: Provider Costs and PA Rates:</b>
3.16.1	<p>Last year, Direct Payments were included within the scope of the annual market analysis and fees review. The development of a coproduced improvement project to improve the Council's approach to direct payments and supporting people who wish to use this flexible approach to managing their own care and support has given us valuable market intelligence.</p> <p>It is therefore recommended that an increase to the direct payment rate be proposed based on the work of this project, which has fully involved people who use Direct Payments, specific research based on market analysis of the Personal Assistants workforce and the feedback from providers. The proposal is that the Direct Payment rate is considered in two separately costed elements: activity costs (based on the model used for assessing home support framework rates) and Personal Assistant rates which must provide cover for the total of all employment-related costs.</p> <p>The rate for Personal Assistants (part of someone's direct payment) must be sufficient to meet all their employment costs and is proposed 3.15% plus the cost of individually calculated Employers National Insurance contributions. This is the difference between the level of funding invested last year to increase wages of PAs by more than the minimum wage (up to £9.21) and the new National Living Wage of £9.50 per hour. This means that the proposed uplift for Personal Assistants will proportionately align with the national living wage increase.</p> <p>To ensure consistency in decision making around appropriate rates of pay, the PA Rates Decision Making Tool will be used. This tool has been coproduced through the programme and introduces bandings of pay based on the increasing levels of skill and knowledge required by the Personal Assistants to support the individual. It focuses on skill, risk and working conditions with the factors and pay bands scoped through extensive research and modelling on comparative job roles. It has been piloted across Health &amp; Social Care. The percentage increase will be applied to the banding levels to ensure differentials in levels are kept in place.</p> <p>The rate for other areas of direct payment spend is based on the same increase as home care and supported living this is consistent with the approach taken by a number of other local authorities in the region where they apply an annual uplift.</p> <p>The Direct Payments improvement programme will continue to work with people who use direct payments to support them to utilise the proposed rates to increase pay of their Personal Assistants and their support providers.</p>
4.	<b>Support to care providers during the pandemic:</b>

The Council acknowledges the significant and varying impact of the pandemic upon providers over the last 12 months. The Council has provided a wide range of support for contracted and non-contracted providers summarised below and detailed further in the appendix by sector type (\*denotes support offered to framework providers only):

- Administration of DHSC and NHS grants to support the care sector including Infection Control Fund, Lateral Flow Device Testing, Workforce Recruitment and Retention and Early Adoption of National Living Wage support for care providers
- Support for recruitment and retention via a raft of support measures funded largely through DHSC and NHS funding including:
  - Provision of funding to support recruitment and retention activity.
  - Working with home care providers on a locality basis to identify options for maximising efficiency and therefore increasing capacity and reducing carbon footprint, for example by enabling the use of 'walking rounds'.
  - Investment in a web-based application that enables rewards for 'positive activity' by staff, such as recommending friends for employment, taking on additional work and receiving positive feedback from clients.
  - Provided funding for prioritising pick up by home care providers of care packages waiting over 5 days.
  - Collaborating with Opportunity Sheffield, to support the long-term unemployed into a career in home care through the Care Sector Routeways initiative and provide access for providers to a series of jobs fairs in local communities.
  - Investment in several initiatives to support the wellbeing and mental health of care workers and provide access to a high street reward scheme.
- Support through regular virtual forums and telephony-based support from our commissioning and contract managers\*
- A dedicated 'providercovid19 inbox' and regular updates via email to all providers or specific sectors as appropriate
- A dedicated Web Page 'Coronavirus - Support for Adult Social Care providers' sharing information and sign posting to support services for providers.
- Demand focused financial support and incentives for homecare\* which remain ongoing
- Support to access the national PPE supply chain introduced by the Department of Health and Social Care as well as the option to draw on Council funded PPE to top up their supplies if required.

5.	<b>Final proposals based on market analysis and consultation feedback:</b>
5.1.	Increase the original proposed fee rate for care homes, home care, extra care, day activities and supported living. The proposed increase in fee uplift is based on increasing the staffing element of the fee rate by 3.15%. This builds on the investment made by the Council last year of £4.2m in addition to the minimum wage uplift which was assessed as sufficient to increase the wages of the lowest paid workers to £9.21. The figure of 3.15% is the difference between £9.21 and the new National Living Wage that comes in from April of £9.50. The non-staffing element of the fee rate will be based on the CPI rate in September 2021 which was 3.1%. When these are weighted according to the ratios of staffing and non-staffing to care homes and home support respectively, this results in an increase to care homes and day activities of 3.13% and an increase to framework home care and supported living of 3.14%
5.2.	Increase PA rates for people in receipt of direct payments who use this to pay for a PA 3.15% plus the individually calculated increase to cover National Insurance contributions. The activity element of the direct payment will be increased by 3.14% in line with home support.
5.3.	The Council is committed to working in partnership with providers who are able to respond to changing demographics and customer expectations to deliver better outcomes and improved terms and conditions for the care workforce.
5.4.	<p>The Council and the Sheffield Clinical Commissioning Group continue to work closely with Care Homes in the city to respond to and take forward the findings of the Strategic Review of Care Homes in the context of the wider review of Adult Social Care. The focus of this work is the resilience of the sector in the wake of the pandemic and impact of mandatory vaccinations in the sector, workforce challenges and the proactive reshaping and contraction necessary to ensure a sustainable market in the medium to longer term.</p> <p>Ensuring a sustainable care home sector will require the proactive reshaping of the market and development of models of care that are fit for the future needs and aspirations of older people in the city. Key areas for collaborative development are sufficiency, quality and outcomes focused care, workforce development, capital investment and longer-term funding strategy.</p>
5.5.	The Council moves into the procurement and mobilisation phase of the transformation of home care programme with engagement from people who use services, providers and other stakeholders, and drive improvements to the procurement and payment processes.
5.6.	The Council continue to drive the Direct Payment improvement programme working with people who use or would like to use a direct payment to have more choice and control over their support and how it is delivered.
5.7.	The Council continue to develop the approach to commissioning day activities for people to support a diverse and accessible range of quality, person-centred activities that meet people's needs and aspirations.

5.8.	Commissioning to lead on a workforce development workstream within the context of the wider Adult Social Care Strategy and Transformation Programme with providers, representatives of the workforce, trade unions, and partners in the learning and skills sector to drive the shared ambition to enshrine the foundation living wage across the care workforce and supply chain.
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6.	<b>RISK ANALYSIS AND IMPLICATIONS OF THE DECISION</b>
6.1.	<b><u>Equality of Opportunity Implications</u></b>
6.1.1.	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.
6.1.2.	<p>As noted in the Legal Implications section below, the Council has obligations under the Public Sector Equality Duty (PSED), in the exercise of its functions, to have due regard to the need to:</p> <ul style="list-style-type: none"> <li>• Eliminate discrimination, harassment, victimisation and any other conduct that is connected to protected characteristics and prohibited by or under this Act</li> <li>• Advance equality of opportunity between those who share a relevant protected characteristic and those who do not</li> <li>• Foster good relations between those who share a relevant protected characteristic and those who do not.</li> </ul> <p>Protected characteristics cover a broad range of attributes and identities, including the characteristics of Age and Disability which have a direct relevance to people accessing Adult Health &amp; Social Care support. However, all protected characteristics have been considered.</p> <p>At the same time, the remit of the Council's equality analysis includes interests that do not come under legally prescribed protected characteristics. As examples, potential impacts on unpaid carers and on the voluntary &amp; community sector have been considered within the EIA.</p> <p>In broad terms, the proposal is supportive of the PSED in so far as increases in fees help providers of care and support to meet costs, including in relation to staff recruitment, retention, training and development, and associated impacts on maintaining or enhancing quality of care.</p>
6.1.3.	The EIA notes that the proposal draws on and balances evidence from a range of sources to inform the rates of fee increases as set out above. This includes consultation feedback, which, as set out in

	<p>this report, highlights several areas that relate to equality impacts on people and the provider sectors themselves. This includes the effect of low occupancy and increased costs which potentially:</p> <ul style="list-style-type: none"> <li>• Limit opportunities for financial reward to support frontline workers</li> <li>• Could affect quality improvements, consistency and viability of some care providers</li> <li>• Impacts more specifically on people with high support needs (e.g. dementia)</li> </ul> <p>Mitigations reflected in the EIA include</p> <ul style="list-style-type: none"> <li>• Close monitoring of the impact of the fee increases, including not-for-profit providers at risk</li> <li>• Financial assessments that process takes account of cost of living and disability related expenses</li> <li>• Plans to work across all sectors on make progress towards Foundation Living Wage and a shift to outcome-based contracts that meet changing demand</li> <li>• Future work to manage safe exits from the market with support for people affected</li> <li>• Availability of support to reduce costs for people with higher support needs</li> <li>• Additional support to mitigate the effects of the pandemic on a targeted basis as required</li> </ul>
6.2.	<b><u>Financial and Commercial Implications</u></b>
6.2.1.	<p>The fee rate is based on:</p> <ul style="list-style-type: none"> <li>• Increasing staffing element of each rate by the difference between £9.21 and £9.50 = 3.15%</li> <li>• Increasing non staffing element by September CPI which is 3.1%</li> </ul> <p>The impact of the recommended fee increases is as follows:</p>



		Final Recommended % Increase	The fee increase will be paid for from the Adult Social Care core budget at an estimated additional pressure of £6.2m in 2022/23.
	Type of Provision		
	Standard Care Homes	3.13%	
	Homecare Framework	3.14%	
	Supported Living Framework	3.14%	
	Non-Standard Residential & Respite	3.13%	
	Day Activities	3.13%	
	Direct Payments PA Rates	3.15% plus NI contribution	
	Direct Payments Activity Rates	3.14%	
6.2.2.	<p>The financial risks will be mitigated as follows:</p> <p>Based on current activity the financial implications of this uplift will be £6.2m to the Adult Social Care core budget, this is slightly higher than the pressure identified in the 2022/23 budget planning, £6.0m and the final impact on the Council's budgets will be dependent on the numbers of people supported and the size of the package of care provided.</p> <p>The financial risks will be mitigated as follows:</p> <ul style="list-style-type: none"> <li>• Demand for care will be well-managed, building on the focused assessment and care management work to review people's needs on a regular and timely basis to further embed our commitment to preventing, delaying and reducing the need for ongoing care and ensuring that ongoing care, where required, maximises people's quality of life and independence. As set out below, the vision for adult social care is to continue to move towards more preventative and enabling care which will mean proportionately fewer people need care and those who do, need less.</li> <li>• The plans for the procurement and re-procurement of all types of care over the next 18mths will stimulate market transformation and embed improved terms and conditions whilst underpinning a more stable supply of care. This will in turn deliver significant benefits for individuals and the wider health and social care system. Just as inconsistent adult social care creates the risk that more Sheffield people will wait longer in hospital beds before they can leave, so</li> </ul>		

	<p>consistent, quality care will mean fewer hospital beds are likely to be needed and delays in hospital discharges will be reduced.</p> <ul style="list-style-type: none"> <li>• This shift into prevention that will be delivered in Sheffield will continue to take pressure off the usage of hospital beds and enable a shift of resources from acute care to community care to ensure future affordability.</li> <li>• The cost will be contained within the core budget allocated to adult social care in the 2022/23 budget.</li> </ul>
6.2.3.	<p>Effective and efficient use of resources across the whole of health and social care is key to a sustainable financial plan in future years. The transition of the Sheffield Clinical Commissioning Group to the Integrated Care Body and Partnership (ICS) for South Yorkshire and Bassetlaw will support a system-wide move from bed-based and institutional care towards sustainable preventative support for people living in Sheffield's communities. The strong Sheffield 'place-based' approach to integrated commissioning will be underpinned by proposed strengthening to existing governance under Section 75 and the shared commitment at a system level in the city to place-based integration.</p>
6.3.	<u>Legal Implications</u>
6.3.1.	<p>The Care Act 2014 places a duty on the Council to promote the efficient and effective operation of a market in services for meeting care and support needs, and in performing that duty, the Council must have regard to the importance of ensuring the sustainability of the market, as well as to the requirement to facilitate and shape their market for adult care and support as a whole, so that it meets the needs of all people in their area who need care and support. There is an expectation on the Council to ensure that the fees for all types of care should take account of both the actual cost of good quality care and the need to ensure a diverse provider market.</p> <p>In meeting these requirements, the Council has conducted a comprehensive consultation process as set out in section 3 of this report.</p> <p>The Council must also comply with the requirements of the Equality Act 2010 and in particular section 149 (the Public Sector Equality Duty), which provides that a public authority must, in the exercise of its functions, have due regard to the need to; Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Act. The due regard given to the PSED is evidenced in this report and the attached EIA reference number 883.</p> <p>With regards to any contract variations and procurements that will be carried out, the Council must ensure that any variations to existing</p>

	contracts and new procurement processes comply with the Public Contracts Regulations 2015 as well as being in accordance with all relevant provisions of the Council's Constitution including its Contracts Standing Orders.
6.3.2.	Other implications – None
7.	<b>ALTERNATIVE OPTIONS CONSIDERED</b>
7.1.	<p>The Council has reflected on the feedback and the challenges facing the care market and acknowledges the wide range of pressures and variable factors that impact on the cost of delivering care in the wake of the pandemic, changing grant context and the impact of inflation.</p> <p>The Council is also facing similar challenges compounded by long term and ongoing erosion of funding from Government. The Social Care levy on National Insurance will not provide additional investment in social care in the next few years as the initial funding generated will be deployed by Department of Health and Social Care to fund the NHS response to tackling waiting lists and health impacts resulting from the pandemic.</p> <p>These challenges mean that a higher fee increase would significantly negatively impact on the Council's ability to deliver other social care services at a rate of more than £1m per additional percentage point increase in the fee rate.</p> <p>The Council has necessarily had to consider a lower fee rate increase in the context of proposing a Council budget for 22/23 that is balanced by use of the Council's reserves, cuts to other services, ambitious savings plans across all areas of the Council and the Council's difficult decision to increase council tax, including the Adult Social Care precept. The Council has had to balance the extra costs to Sheffield taxpayers from the increase, with the need to protect its social care services to its most vulnerable residents. Further information on the Council's budget position can be found in the February report to Cooperative Exec published online at: <a href="#">Budget Report to Cooperative Executive February 2022</a></p> <p>The feedback from providers and the analysis of the cost of care and the current care market has highlighted that a lower fee rate than the one recommended for approval in this report would present too great a risk to the sustainability of the care market.</p>
7.2.	The Council has considered whether to adjust the care home fee to reflect lower occupancy levels. This option has been discounted however on the basis that there has been a gradual improvement in occupancy levels for a significant proportion of the care home market and some market contraction will be required.

	<p>A more targeted intervention will ensure that market reshaping is safely managed and protects the balance and continuity of care for those who need it in the city. Adjusting care home fees to reflect average occupancy levels would have very different implications for homes depending on their occupancy with some gaining and others still struggling to achieve viability. A targeted approach enables the Council to intervene to ensure that the inevitable risks associated with the contraction needed to achieve a balanced and sustainable, diverse and quality market can be best mitigated during a period of unprecedented market volatility.</p>
8.	<p><b>REASONS FOR RECOMMENDATIONS</b></p>
8.1.	<p>In order to develop and maintain a stable adult social care market in Sheffield the Council need to ensure that the fees paid by the Council to providers for adult social care in the city of Sheffield are increased in line with the cost of delivering care in the city including inflationary pressures in 2022/23.</p> <p>The impact of the pandemic and the wider economic climate on the adult social care sector is ongoing and the Council will continue to monitor the costs and pressures facing each type of care provision to support a sustainable, quality and diverse market during a very challenging and volatile time for providers, for people who use services and for the Council and wider health and social care system as commissioners. The challenges facing the Council and the Care Market will require ongoing and dynamic risk assessment over the next 12 months.</p>