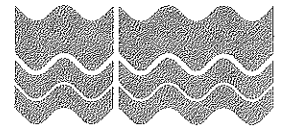


Adult Social Care

Contracts & Purchasing Unit

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East Sussex
County Council



Professor Martin Green OBE
Chief Executive
Care England
2nd Floor
40 Artillery Lane
LONDON
E1 7LS

Date: 24 April 2014

Dear Martin

Thank you for your letter dated 13th February 2014 regarding financial pressures and fee increases.

Fee Increases 2013/14 and 2014/15

After consultation with the market, including the East Sussex and Brighton and Hove Residential Care Homes Association in 2013, a two year inflationary increase agreement was reached that applies to care homes within East Sussex in 2013/14 and 2014/15. The outcome of the consultation was shared with the market via a letter on 17th May 2013. I have enclosed a copy of this letter.

The pertinent part of the agreement that relates to services for people with a learning disability is:

For Working Age Adults, an increase of 1.0% will be paid from April 2013 and April 2014, and from October 2013 placements costing less than £1,001 per week will receive a further 0.25%. Where benchmarking tools, such as the Care Funding Calculator and the Resource Allocation System, are used to inform the indicative Personal Budget for an individual's care package costs, and these indicate that the needs could be met at a lower cost, then no increase will be paid. We continue to seek efficiency improvements from these services and will be working with providers to review the service delivery model.

We are currently undertaking investigations into the impact on overall fees of the increase in minimum wage to £6.50 per hour, planned for October 2014.

Working with the Care and Support Market

East Sussex County Council strives to work in collaboration with learning disability care providers during negotiations about fees, whether through a wider consultation or regarding individual fee levels, as we recognise the longer-term benefits for all stakeholders of reaching mutually acceptable and sustainable agreements.

Building positive relationships with providers in the care and support market, alongside a client centred approach to commissioning, is of paramount importance; we acknowledge that partnership



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with the independent sector enables us to meet the needs of the clients and communities eligible for support through the Local Authority. One of the ways we ensure we have open lines of communication is to meet with the market and provider representatives on a regular basis through the Independent Care Group, the Learning Disability Provider Forum, and specific meetings and consultations, for example:

Over the last five years East Sussex County Council has been working very closely with providers to develop an understanding of the costs and value of providing residential care and supporting living for people with a learning disability, and welcome the clarity and transparency these discussions offer. In order to support these discussions we have referred to benchmarking using tools such as the Care Funding Calculator. This has assisted in understanding fair costs of care for individual placements, based on the needs of the clients supported, as well as the type and size of the service supporting them.

Quality, outcomes, and a client centred approach

East Sussex County Council understands the link between fee levels, quality of provision, and the experience of the person receiving the care and support. To this end, we have embedded client-centred approaches to assessment, service sourcing, and fee negotiations in relation to services for working age adults. The impact of fee levels on service quality is considered throughout our discussions with providers, and we are clear about the sensitive balance between cost and quality.

Although significant consolidation and streamlining of County Council functions has resulted in cost savings, the County Council has consulted with clients, carers and support organisations to ensure that the limited financial resources are deployed in the most effective manner. Some of this work has looked at working in partnership with our care and support providers to make savings either on individual packages of care or, where economies of scale allow, across homes or groups of homes. Although this can impact on clients, care providers and the Local Authority, sharing the responsibility shows that all parties are committed to working together.

An undertaking has been made by East Sussex County Council to provide a full range of support to people with a learning disability and their carers, not just those in accommodation based care. This includes respite and support services for carers, employment and training provision as well as meaningful day opportunities. Investment continues to occur through East Sussex County Council's Commissioning Grants Prospectus and Capital Development Programme to provide new opportunities for growth to care and support providers of both community and accommodation settings.

Yours sincerely



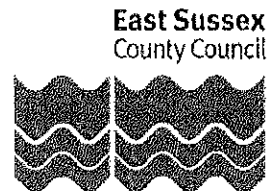
Lynn Mounfield
Head of Contracts & Purchasing Unit

cc: Keith Hinkley, Director of Adult Social Care, East Sussex County Council

Adult Social Care

Keith Hinkley
Director of Adult Social Care

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Care Home Provider
East Sussex

Date: 17 May 2013

when responding please contact

our ref

your ref

Lynn Mounfield
Lynn.mounfield@eastsussex.gov.uk
01273 466523

KH/RS/rca

Dear Care Home Provider

Fees for care services in residential care homes in East Sussex

1. Introduction

I am writing to inform you about the outcome of the consultation process that we have been undertaking concerning the fees we will pay for care beds in East Sussex. As set out in our letters of December 2012 and March 2013, we have given consideration to both to the level of fees and to the best method of achieving as fair a distribution of the limited resources available as possible.

During the final phase of the consultation process we received two letters from providers including a response from the East Sussex and Brighton & Hove Registered Care Association (RCA).

In our previous letters we said that if there were other significant changes such as increases in the National Minimum Wage (NMW) we would review the fees again. We are now aware of government proposals to increase the NMW by about 2% (12p) from October 2013 to £6.31. For Older People's care homes, we will therefore make a further increase from October 2013. This is on the basis that wages are approximately 60% of the fee and that up to 50% of staff might be at NMW levels; the impact of this is a 0.6% further increase.

For Working Age Adult homes we do not believe there are significant numbers of staff on the NMW, however, for placements that cost £1,000 or less per week we will further uplift these fees by 0.25% from October 2013.

2. Outcome of consultation on care fees

From April 2013 and April 2014 the increase will be, as previously stated, at least 1%. From October 2013 a further increase of 0.6% will be paid for Older People's care homes.

For Older People's placements,

- | | | |
|---------------------------------------|--------------------|---------------|
| - Low Band we will pay an increase of | April 13 & 14 - 4% | Oct 13 - 0.6% |
| - Medium Band will be increased by | April 13 & 14 - 2% | Oct 13 - 0.6% |
| - High Band will be increased by | April 13 & 14 - 1% | Oct 13 - 0.6% |

For Working Age Adults, an increase of 1.0% will be paid from April 2013 and April 2014, and from October 2013 placements costing less than £1,001 per week will receive a further 0.25%. Where benchmarking tools, such as the Care Funding Calculator and the Resource Allocation System, are



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used to inform the indicative Personal Budget for an individual's care package costs, and these indicate that the needs could be met at a lower cost, then no increase will be paid. We continue to seek efficiency improvements from these services and will be working with providers to review the service delivery model.

Appendix 1 shows all of the proposed fees compared to the current fees with the % and £ increases.

Please note, we do not propose to review these rates again unless there are significant increases in inflation, or specific changes that are not currently known and we will work with the RCA to keep this under review.

3. In Conclusion

Thank you for your input into the process for setting fees for care homes for 2013 and 2014. We believe that our process for setting fees for care is transparent and is in line with published Guidance and Good Practice as well as with recent case law. We have consulted with care homes and are continuing to do so which includes seeking information about the costs of care in the local area.

We want to continue to work with care homes at the various forums that we have established and with the RCA to negotiate fees. It will be important that we continue to work with you through the Independent Care Group meetings and other provider forums to resolve issues early on and we want to build on the productive relationship that we have had to date. We are committed to establishing a formal process for setting fees, as well as developing our relationship with providers and continuing to develop our workforce strategy for 2013 and future years.

To aid provider cash flow, and without prejudice to the consultation process, we commenced payment of these fees during April 2013, the NMW increase will be paid for the payment period that commences on, and will apply from 16 September 2013.

If you have further questions please contact Lynn Mounfield, Head of Contracts and Purchasing, or myself to discuss this further.

Yours faithfully



Keith Hinkley
Director of Adult Social Care

Appendix 1

| | | | | | | | | | |
|---|----------------------|---------------------------------|---------------|---------------|-----------------------------------|----------------------|---------------|---------------|-----|
| Nursing Homes Older People With Dementia | 2012/13 Long Stay | From April 2013 Long Stay | Increase £ | Increase % | From October 2013 Long Stay | 2014/15 Long Stay | Increase £ | Increase % | |
| | PP | 458.50 | 463.05 | 4.55 | 1.0 | 465.85 | 470.54 | 4.69 | 1.0 |
| | Non PP | 446.74 | 451.22 | 4.48 | 1.0 | 453.95 | 458.50 | 4.55 | 1.0 |
| Nursing Homes Older People | 2012/13 Long Stay | From April 2013 Long Stay | Increase £ | Increase % | From October 2013 Long Stay | 2014/15 Long Stay | Increase £ | Increase % | |
| | PP | 441.42 | 445.90 | 4.48 | 1.0 | 448.56 | 453.04 | 4.48 | 1.0 |
| | Non PP | 413.63 | 417.83 | 4.20 | 1.0 | 420.35 | 424.55 | 4.20 | 1.0 |
| Residential Homes Older People With Dementia | 2012/13 Long Stay | From April 2013 Long Stay | Increase £ | Increase % | From October 2013 Long Stay | 2014/15 Long Stay | Increase £ | Increase % | |
| | PP | 456.33 | 460.88 | 4.55 | 1.0 | 463.68 | 468.30 | 4.62 | 1.0 |
| | Non PP | 446.74 | 451.22 | 4.48 | 1.0 | 453.95 | 458.50 | 4.55 | 1.0 |
| Residential Homes Older People | 2012/13 Long Stay | From April 2013 Long Stay | Increase £ | Increase % | From October 2013 Long Stay | 2014/15 Long Stay | Increase £ | Increase % | |
| | Low | 372.54 | 387.45 | 14.91 | 4.0 | 389.76 | 405.37 | 15.61 | 4.0 |
| | Med | 389.34 | 397.11 | 7.77 | 2.0 | 399.49 | 407.47 | 7.98 | 2.0 |
| | High | 423.08 | 427.28 | 4.20 | 1.0 | 429.87 | 434.14 | 4.27 | 1.0 |
| | Low | 364.35 | 378.91 | 14.56 | 4.0 | 381.22 | 396.48 | 15.26 | 4.0 |
| Med | 380.73 | 388.36 | 7.63 | 2.0 | 390.67 | 398.51 | 7.84 | 2.0 | |
| High | 413.63 | 417.83 | 4.20 | 1.0 | 420.35 | 424.55 | 4.20 | 1.0 | |
| Working Age Adults 2013/14 and 2014/15 | | | £ per week | £ per week | £ per week | £ per week | £ per week | £ per week | |
| | | 1% | 600 | 800 | 1,000 | 1,500 | 2,000 | 20.00 | |
| | | 1.25% | 6.00 | 8.00 | 10.00 | 15.00 | 20.00 | | |
| | | 1.25% | 7.50 | 10.00 | 12.50 | | | | |

* Except placements over benchmark rates