

**FEE NEGOTIATIONS IN RESPECT OF SUPPORTED ACCOMMODATION**

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**1 Background**

- 1.1 Members received a report from the Director of Adult Social Services on July 9<sup>th</sup> 2008. In respect of supported living services, Cabinet made the following resolution:

Cabinet notes that currently there is no rate set for fees paid to Supported living providers, and therefore asks the Director of Adult Social Services to commence negotiations with providers to agree contract rates in Wirral; and in doing so the Director is expected to follow the approach taken for residential home, nursing home and Domiciliary support services fee levels, where use has been made of nationally recognised frameworks.

**2 Background**

- 2.1 National and local policy regarding the support of vulnerable adults indicates that people should, where ever possible be able to live in homes of their own choice; however the cost of supporting people in this way is showing a significant increase. DASS currently spends £125k per week with an annual cost of £6,500.000 to purchase support services from a range of providers to support people living within their own homes. The cost of individual support packages can be as high as £2,000.00 per week.
- 2.2 DASS currently pays fee rates that vary from £10.74 to £26.53 per hour, and varying rates for sleep-in support and waking night support. The mean rate paid by Wirral is currently £15.05 per hour
- 2.3 A number of authorities in the North West have through negotiation set their fee levels for such services within the price range £10.65 to £15.00 per hour

**3 Supported Living Fees Renegotiation**

- 3.1 Following the decision by Cabinet re-negotiation of fees in respect of supported living commenced in August of this year. A full presentation was made to a Providers Forum to which all supported living provider were invited and given an outline of the methodology DASS intended to use. An open invitation was extended to providers to join a negotiation group that would undertake the detailed work.
- 3.2 The methodology adopted by DASS is based on the use of a care funding calculator developed by the, then, South West Centre for Excellence. The tool has taken and used components from a range of sources, including Laing and Buisson, the tool used to determine Supporting People rates, national research and providers including private companies and charities. The tool has been piloted extensively in the South West of England and by

over 70 local authorities, before being launched earlier this year. The tool provides a framework for negotiation and allows both DASS and providers to be fully transparent about the basis on which costs are established.

- 3.3 All providers have been given electronic copies of the tool to ensure full transparency of the process. Meetings of the negotiating group have been held fortnightly since September; a further presentation and update was given to the full provider's forum in October 2008 at which a further invitation was extended to all providers to join the negotiation group. All providers have been sent copies of minutes of the negotiation meetings.
- 3.4 The tool and negotiations have been based on details of current salary / wage rates. The tool makes allowances for a range of overheads encountered by providers e.g. management costs, the provision of training and profit/surplus margins.
- 3.5 Providers have largely accepted the broad approach to the make up of the costs, and the basic components of the tool, however there has been some detailed discussion about a number of issues; namely an allowance for pensions, rates paid to staff for sleep-in and waking night duties and payments made to staff for being on-call.
- 3.6 Providers were presented with a detailed set of proposals at a meeting on November 3<sup>rd</sup> and at a subsequent meeting on November 18<sup>th</sup>. The proposals took account of information received from providers relating to the issues highlighted in paragraph 3.5. Included within the proposals presented to providers was information relating to contractual revisions as a result of the proposals namely:
  - A change in the way inflation is to be considered
  - Revising those parts of the contract relating to monitoring and standards
  - Redefining the nature of support to be provided to people
- 3.7 The key elements of the proposals are that the fee DASS would pay is an hourly rate in the region of £13.00 for supported living services based on the following principles:
  - Support Workers are paid a salary for a 37.5 hour week
  - 22.86% is added to take account of employee on costs,
  - A further 36% is added for employer costs (management, office space, training)
  - 8% is added for business development (profit/surplus)
  - No allowance is to be made for pension contributions at this stage, on the basis that not all providers currently contribute to pension schemes and there being comparatively low uptake amongst many providers; however Wirral will renegotiate contract rates closer to the time that new pension legislation impacts on employer costs in 2011/12
  - The new contract will include a clause that inflation will be agreed on a yearly basis in line with prevailing economic pressures

- Fixed costs will be included for sleep-in support and waking night support
  - Where people share elements of support, DASS will agree a price, informed by the standard rates, and making appropriate adjustments for any special circumstances of that shared support situation
  - In order to meet local market conditions, some adjustments have been made to the components of the model and these have been discussed with and provided in writing to providers as part of the overall process
- 3.8 DASS has opted to seek a standard rate for supported living services at this stage. Currently all providers charge DASS a flat rate, irrespective of the people they support and how they structure their own internal pay-scales. DASS has no evidence to support the development of differing fee rates.
- 3.9 Providers have submitted feedback to the proposals and to the process in general. The main issues providers have raised are
- Appreciation of the process whereby Wirral DASS have involved providers and given them the opportunity to be included in agreeing the future price of business and that the pricing tool provides a good starting point;
  - Acknowledgement of the need for DASS to review the fee structure relating to supported living
  - DASS may have varied some aspects of the model to reflect local conditions
  - Dissatisfaction that the final proposals have not included contributions towards pensions which providers consider should be in the region of 1%
  - The need to consider the service conditions for employees in particular the new statutory requirements which come into force with effect from April 2009
  - The implementation of a flat rate may not reflect the levels of skill required by providers, nor the varying levels of need that people present

No comments were received regarding the proposed contractual revisions

- 3.10 Further meetings are planned with providers throughout December in which discussions will continue with them to seek a resolution of the issues raised, in particular those relating to service conditions and the points made by providers relating to the implementation of one flat rate.
- 3.11 At this stage, providers have yet to indicate their acceptance or otherwise of the proposed fee rates. DASS is aware that potentially the proposals may not be accepted by all providers. However it also believes that by continuing to meet with providers and to negotiate as indicated in the previous paragraph it will mitigate against the possible risks of the proposals set out in this report.

3.12 DASS is also mindful of the requirement to carry out an Impact Assessment on the possible effect of the proposals included within this report; work is to commence on this with immediate effect.

**JOHN WEBB**  
**Director of Adult Social Services**

Name – Gerry Flanagan  
Title – Joint Commissioning Manager  
ext no 4780

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