



# Fee setting and commissioning practice

## Q&A from CHIP and CPA webinar (4 May 2021)

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### Introduction

A webinar was held jointly by the [Care and Health Improvement Programme](#) (CHIP) and the [Care Provider Alliance](#) (CPA) on 4 May 2021. This was aimed at adult social care providers, in order to give an insight into the local authority budgeting, fee setting and commissioning process. This session explored the key issues and some common misconceptions regarding these processes, illustrated what providers should expect from local authorities and highlighted examples of good practice and the importance of communication and consultation between local authorities and providers.

As part of this webinar, there was a Q&A panel discussion. The panel was chaired by Kathy Roberts, CPA Chair and Chief Executive of the Association of Mental Health Providers, and featured:

- Karyn Kirkpatrick, CEO, KeyRing Living Support Networks
- John Jackson, National Care and Health Improvement Adviser, Finance and Risks and Leon Goddard, Senior Adviser, Commissioning and Markets, Care and Health Improvement Programme (CHIP)
- Martin Samuels, Strategic Director for Social Care and Education, Leicester City Council and ADASS East Midlands co-chair
- Simon Williams, Director of Social Care Improvement, CHIP.

A wide range of issues were discussed as part of this Q&A. Below is a summary of some of the key points and questions raised and discussed. It is intended to give an overview of this discussion to those who were unable to join on the day and act as a reminder to those who did. [The slides from the presentations as part of the webinar are also available online.](#)

# Engagement, communication and consultation

Questions were raised about:

- What frequency of engagement would be best from providers to commissioners in terms of communicating successes, case studies etc and whether this should only take place during the formal commissioning / re-commission process.
- Whether CQC status should impact whether a provider is consulted
- The benefits of collaborative approaches
- The engagement providers should expect from commissioning teams.

The panel discussed:

- The importance of two-way communication and strong relationships between providers and commissioners. The panel noted that from a Director of Adult Social Services (DASS) perspective, they would expect at least annual meetings with providers and note that some authorities will do this quarterly. They would expect the contract managers to be in touch regularly and have established relationships with providers.
- Councils can encourage communication through supporting the development of a local care association. This collective approach can be a practical way to hold productive conversations as opposed to an individualised approach and give more power to an individual provider in a situation which may feel unequal.
- The panel noted when engagement is set up solely at the point of fee review or re-commission, these relationships may struggle. When it comes to the annual budget setting process, a council may be struggling to even cover the inflationary uplift and basic demographic cost increases and will need to justify these increases to council finance colleagues. This can make the fee setting process mechanical and process driven, with limited flexibility on behalf of the council.
- Therefore, conversations solely about fees at this stage may be limited in their ability to influence or have a positive impact for either parties, but wider, earlier and ongoing communication and engagement can open up other ways in which councils can support providers. If relationships are built before this point, all partners are better informed and better placed to work together. Both partners should look to communicate and engage regularly, not only at this point. An example was raised of a provider sharing information that highlighted the benefits they could bring to the council in terms of a reduction in demand for more expensive services.

- The panel confirmed that if a provider is not regulated, consultations can and should still take place. However, it was acknowledged that there has been a reduction in capacity of council commissioning teams over the last 10 years, and that this can lead to difficulties in engagement when the commissioner is dealing with critical issues at the same time, such as during the pandemic and / or has little room to manoeuvre financially for the reasons set out above.

## Escalation processes

Questions were raised about:

- Practical actions to take if a council does not engage with providers
- How to escalate issues and alternative routes to contacting councils

The panel discussed:

- In some cases, it may be a simple issue of miscommunication with the commissioner who is usually in contact with the provider. In this case, the panel recommended raising these issues by writing directly to the Director of Adult Social Services (DASS). This is preferable to complaints written to an elected member, which would ultimately be referred to the DASS. If the DASS did not respond, then a letter to either the Leader or Cabinet Member for the council may be an appropriate route.
- Regional engagement can take some of the personal elements out of any issues that have arranged at a local level. The panel raised an example of a regional alliance of provider associations meeting regularly with the ADASS branch, and this providing a good forum to raise issues. The ADASS branch can then feed back those issues to the relevant DASS.
- Positive engagement is important. An approach which focuses on what can be done to improve the current situation, rather than bringing up past differences, is more likely to move conversations forward on both sides.

## Fee rate decision making and council funding

Questions were raised about:

- The process followed by councils when setting fee levels, and whether equalities assessments are done.
- Cost templates which could be used by providers to help make the case around fee rates

- The impact of the ASC precept for council tax on council budgets.

The panel discussed:

- The ASC precept is a means for a council to raise more council tax to fund social care, however there is no requirement for councils to utilise this, or utilise the full percentage this year, and many councils have found this decision politically challenging to ask residents to contribute more during an economic downturn. However, most have utilised some or all the 3% available. Of 152 authorities with adult social care responsibilities, 148 utilised some, or all, of their precept flexibility for 2021-22. Of these, 100 authorities utilised the full 3%. Government departments will then assume that all LAs make full use of the precept when calculating spending power.
- There are three key steps in the fee setting process councils should follow when setting fee rates:
  - Councils are required to produce a report that sets out the process they have followed in relation to fee uplifts and the decisions they have made.
  - This report is typically made public as part of the council's decision-making process.
  - Councils will typically produce an Equality Impact Assessment or similar.
- The council's priority is to provide a stabilised market that meets the care needs of the population. This may explain why care providers currently on lower rates and providing more 'basic' care needs receive a higher % uplift than another provider as they may be at greater risk of failure. It is not a reward-based system, it is about the council establishing stability for the market.
- Local authorities are often unable to fund some of the more innovative practice that they would like to encourage through changes to fee levels. This is as government funding increases only cover demographic and inflationary changes. The provider had to fund this work through alternative sources where possible.
- Online tools were discussed such as Care Cubed, the UKHCA tool for home care and the Laing and Buisson cost model for care homes.

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