

CEREDIGION COUNTY COUNCIL

Report to: Cabinet

Date of meeting: 15/06/2021

Title: Independent Sector Care Home Fees Setting

Purpose of the report: To set recommended fees for placements in Ceredigion Independent Sector Residential Care Homes for Older People for 2021/22

For: DECISION

**Cabinet Portfolio and Cllr Alun Williams – Porth Cynnal
Cabinet Member:**

1. Introduction

The Council is obligated to follow WG guidance and good practice advice when considering and determining a fair price for care in Older People's homes in Ceredigion. Fee setting should take into account the legitimate costs faced by Care Homes as well as the factors that affect those costs.

The 2010 WG statutory guidance entitled 'Fulfilled Lives, Supportive Communities, Commissioning Framework and Guidance' stated that commissioners should have an understanding of the costs of directly provided and contracted Social care services and to act in a way to promote service sustainability. WG have subsequently issued further guidance in the form of a toolkit called 'Let's agree to agree'.

There are 11 Independent Sector Care Homes in Ceredigion of which 7 are Residential Homes and 4 are Nursing Homes.

2. Background

The previous detailed in depth review of Care Homes Fees occurred as part of the Fee Setting process for the 2018/19 financial year. That process started in November 2017 and, following full consultation with the sector, was concluded in May 2018. The approach taken was detailed and involved various templates covering Occupancy data, Inflation Cost pressures, Staffing costs and a breakdown of Cost components.

This process is resource intensive and it is not realistic to undertake this on an annual basis. The Welsh Government's 'Let's Agree to Agree' toolkit recognises this and suggests that a fuller analysis of costs should take place every 3 to 4 years.

For 2019/20, the Adults Personal Social Services Pay & Prices Inflation index (produced by the Department of Health & Social Care in England) was researched and investigated, which contained an Independent Sector subset. It was concluded that, given that the main components matched those already in the Fee setting model (e.g. Pay, General inflation and the Cost of capital) and were sector specific, this was a reasonable inflation measure to use in the intervening years between detailed in depth reviews and indeed was a better measure than just using RPI or CPI. As part of the 2019/20 consultation process the change by Welsh Government in the personal Capital limit from £40,000 to £50,000 was highlighted as an issue.

Therefore for 2019/20 a 4.0% uplift was mutually agreed – being 3.5% stemming from the Inflation index and 0.5% in relation to the change in capital limits. The Council also agreed to a change in the policy pertaining to the period where payment is payable following a death.

For 2020/21, the emerging COVID19 pandemic curtailed the discussions that had started on Fee Setting. Recognition was given to the late announcement by the UK Government of a 6.2% increase in National Living Wage that came in from 01/04/21, so the Health & Social Care Cost Inflation index was used as a starting point, but was adjusted to take account of the forward change in the Living Wage.

Therefore for 2020/21 this resulted in a 4.25% uplift, which was mutually agreed and the Council agreed to implement this from 23/03/20 rather than 01/04/20.

3. Approach for 2021/22

For 2021/22, the Council has only received an increase of 2% in its funding from Welsh Government and received the poorest settlement of all 22 Local Authorities in Wales. The Council is continually facing budget pressures far in excess of 2%, therefore the Council is operating under significant financial constraints.

Since the turn of the year, a series of Fee setting meetings have taken place collectively with all Care Homes. The process this year has been a unique and extremely challenging one for all parties, due to the circumstances that Care Homes have been and continue to operate under, with the COVID19 pandemic having a significant impact on the sector. The Council has listened as much as possible to the sector and taken on board several of the points made in the various Fee Setting meetings. It is therefore recognised that Care Homes are facing increased costs in areas such as Utilities, Insurance and Staffing (particular around the complexity and dependency of placements, more so than core wage inflation) as well the continued operational and financial challenges specifically arising from COVID19.

In financial terms there has been and continues to be temporary funding made available under the Welsh Government's Adult Social Care COVID19 scheme. This is in the form of temporary premium payments of £50 per week per Residential Care Home placement (there is a further £25 additional premium for Nursing placements via the Health Board) and the ability for all Care Homes to submit claims for funding to the Council for Exceptional costs and Voids (within certain parameters) arising from direct COVID19 events.

The Council has considered and iterated its Fees offer over a period of time and the final offer presented to the Residential Care Homes was follows:

Fees per placement per week	<u>Residential</u>	<u>Residential Dementia</u>
	2020/21 Existing Fees	£605
2021/22 Proposed from 05/04/21	£644	£686
<i>Increase</i>	6.45%	6.36%

The Council is also committed to undertaking an in depth review of Fees in readiness for 2022/23, which will then be 4 years since the last in depth review. This will need to commence at the end of the summer in order to be completed in a timely manner and it is intended to use the Welsh Government's Let's Agree to Agree toolkit.

Whilst the Residential Care Homes in the county were seeking a far higher increase, there has nevertheless been agreement by all the Residential Care Homes that they are willing to accept this final offer. Further consideration is still being given to the Fee setting for Nursing Homes.

4. Other Considerations

The current Local Authority in house Care Home placement fees of £637 per week (Residential) and £679 per week (Residential Dementia) which were implemented for 2021/22 as part of the Fees & Charges process are now lower than the final offer to the Independent Sector. It is therefore proposed to re-align these fees for 2021/22 and then the in depth review of Fees for 2022/23 will also encompass a review of the Local Authority fees at the same time. For ease of administration for Financial Assessments, an effective date of 12/04/21 rather than 05/04/21 is proposed for this change.

There is also a need to amend the basis for commissioning Out of County Older Persons placements to ensure the current policy takes account of the merits of each case which can sometimes lead to specific circumstances impacting on the Fees that may need to be paid. A specific recommendation is therefore included in the report to cover this issue.

5. Financial Implications

It is estimated that the full year net cost of the proposed Fees if applied across all Older Persons placements is estimated to be c£70k higher than the 2021/22 Budget provision made during the Budget setting process.

Has an Integrated Impact Assessment been completed? No
If, not, please state why

Wellbeing of Future Generations:
Summary: Not applicable
Long term:
Collaboration:
Involvement:
Prevention:
Integration:

Recommendation(s): 1. That the Fees for Residential Care in Ceredigion Independent Sector Homes are approved for 2021/22 at the following weekly levels, effective from 05/04/2021:

Residential Very Dependent Elderly	£644
Residential Dementia	£686

2. That the Fees for Residential Care in Ceredigion Local Authority Homes are updated and approved for 2021/22 at the following weekly levels, effective from 12/04/2021:

Residential Very Dependent Elderly	£644
Residential Dementia	£686

3. That the starting point for commissioning Out of County Older Persons placements is a maximum of the agreed In County Older Persons rates, unless there is no in county availability (with the exception of placements in Pembrokeshire and Carmarthenshire, where the Council will continue to match the respective Host authority rates). However each case will always be considered on its own merits on a case by case basis.

Reasons for decision: To agree and set fees for 2021/22

Overview and Scrutiny: Not yet considered

Policy Framework: Fees & Charges

Corporate Priorities: Investing in People's Future, Enabling Individual and Family Resilience

Finance and Procurement implications: See report

Legal Implications: None

Staffing implications: None

Property / asset implications:	None
Risk(s):	<ul style="list-style-type: none"> • Challenge from Providers of an unfair process and unreasonable Fee level. However, the process has been iterative giving consideration to all issues balanced against overall financial constraints and the continuation of temporary COVID19 funding. • The regular 3 to 4 year in depth review is due for 2022/23, which the Council is committed to undertake. There is a potential risk that the review results in further above inflation increases.
Statutory Powers:	Social Care and Well-being Act (Wales) 2014
Background Papers:	None
Appendices:	None
Corporate Lead Officer:	Sian Howys (CLO: Porth Cynnal and Statutory Director) Stephen Johnson (CLO: Finance & Procurement)
Reporting Officer:	Duncan Hall (Corporate Manager: Service Finance) George Ryley (Corporate manager: Procurement)
Date:	19/05/21