

## CEREDIGION COUNTY COUNCIL

**Report to:** Cabinet

**Date of meeting:** 13/07/2021

**Title:** Independent Sector Care Home Fees Setting

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

**For:** DECISION

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

### 1. Introduction

A report was considered at Cabinet on 15/06/21 regarding Residential Care Homes Fees Setting. This report relates to Nursing Care Homes Fees Setting. There are 11 Independent Sector Care Homes in Ceredigion of which 7 are Residential Homes and 4 are Nursing Homes.

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. The 2010 WG statutory guidance entitled 'Fulfilled Lives, Supportive Communities, Commissioning Framework and Guidance' states that:

*Commissioners will have to take into account the full range of demands on them and their strategic priorities, as well as the resources they have at their disposal in developing their commissioning strategies.*

*Fee setting must take into account the legitimate current and future costs faced by providers as well as the factors that affect those costs and the potential for improved performance and more cost effective ways of operating. The fees need to be adequate to enable providers to meet the specification set by the Commissioners together with regulatory requirements.*

*Commissioners should also have a rationale to explain their approach to fee setting. The primary concern is that services operate safely and effectively to promote the welfare of the people and carers and meet regulatory requirements.*

WG have subsequently issued further guidance in the form of a toolkit called 'Let's agree to agree'.

The Social Services and Well-being (Wales) Act 2014 came into force on 06/04/2016. This legislation provides the legal framework for improving the well-being of people who need care and support, and carers who need support, and for transforming social services in Wales

## **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 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.

Historically all uplifts have been dealt with as a collective across both Nursing and Residential Homes. Unfortunately for 2021/22, whilst agreement was reached with the Residential Homes on the Residential Fees (resulting in an average 6.4% increase), it has not been possible to reach the same agreement with the Nursing Homes.

An additional review of information provided by Homes has therefore been undertaken, in order to reach a final informed consideration of what an appropriate level of Nursing Homes Fees should be for 2021/22. This has looked at the key cost pressures raised by Individual Homes (being mainly Social Care Staffing Costs, Utilities and Insurance) as an evidence base and made full allowance for increases in these specific components (at 15%, 15% and 100% respectively) as well as a more typical inflation level for other components. This has all been reflected in an updated detailed Cost component model, which reflects (as far as is possible within the constraints of a financial model) the cost of delivering the standard of care and outcomes required for the Service Users that the Council is commissioning placements for.

The Council has therefore fully considered in detail and iterated its Fees offer over a period of time and the final position presented to the Nursing Care Homes, after the additional iteration is as follows:

<b>Fees per placement per week</b>	<u>General</u>	<u>Nursing</u>
	<u>Nursing</u>	<u>Dementia</u>
2020/21 Existing Fees	£617.00	£657.00
2021/22 Proposed from 05/04/21	£668.15	£711.48
<i>Increase</i>	8.29%	8.29%

This position also now doubles the differential between a Nursing Home placement and a standard Residential placement Home from £12 per week to over £24 per week.

However, the Council has given full and detailed consideration to the key areas of cost pressures raised by Individual Homes, which has in turn directly driven detailed calculations to arrive at the 8.29% fee increase.

The Council is committed to undertaking a more in depth review of Fees and the Cost model 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, although there may also be some advantages to working with the Health Board in relation to Nursing Homes which will also be explored further.

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 and a further £25 additional premium for Nursing Home FNC or jointly funded placements. In addition there is the ability for all Care Homes to submit claims for funding to the Council for Exceptional costs and Voids (within certain parameters) arising from COVID19. At the time of writing this runs up until 30/06/21, however a WG announcement is expected to extend the scheme further into 2021/22.

#### **4. Financial Implications**

It is estimated that the full year net cost of the proposed Fees is a further £25k on top of the 2021/22 Budget provision made during the Budget setting process and in addition to the £70k arising from the Residential Homes Fee setting report.

#### **5. Statutory Guidance**

The Welsh Government's statutory guidance has been considered in approaching the fee-setting exercise. This includes the need to have due regard to the local factors of providing care (in addition to actual costs), and the impact the decision will have on the quality of care provided to residents, and the effect of rising costs on the Care providers.

<b>Wellbeing of Future Generations:</b>	<p><b>Has an Integrated Impact Assessment been completed?</b>  <b>If, not, please state why</b>  <b>Summary:</b> Not applicable  <b>Long term:</b>  <b>Collaboration:</b>  <b>Involvement:</b>  <b>Prevention:</b></p>
<b>Recommendation:</b>	<p>That the Fees for Nursing Care in Ceredigion Independent Sector Homes are approved for 2021/22 at the following weekly levels, effective from 05/04/2021:</p>

General Nursing	£668.15
Nursing Dementia	£711.48

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

**Overview and Scrutiny:** Not yet considered

**Policy Framework:** Fees & Charges

<b>Corporate Priorities:</b>	Investing in People's Future, Enabling Individual and Family Resilience
<b>Finance and Procurement implications:</b>	See report
<b>Legal Implications:</b>	None
<b>Staffing implications:</b>	None
<b>Property / asset implications:</b>	None
<b>Risk(s):</b>	<ul style="list-style-type: none"> <li>• Challenge from Providers of an unfair process and unreasonable Fee level. However the process has given full and detailed consideration to the key areas of costs pressures raised by Individual Homes which have been fully recognised in order to ensure that Fees are set at an appropriate level commensurate with the cost of delivering the required standards of care for Service Users.</li> <li>• 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.</li> <li>• Challenge if standards set out in WG statutory guidance are not considered when considering fee setting.</li> </ul>
<b>Statutory Powers:</b>	<ul style="list-style-type: none"> <li>• Social Care and Well-being Act (Wales) 2014</li> <li>• 2010 WG statutory guidance entitled 'Fulfilled Lives, Supportive Communities, Commissioning Framework and Guidance'</li> </ul>
<b>Background Papers:</b>	None
<b>Appendices:</b>	None
<b>Corporate Lead Officer:</b>	Sian Howys (CLO: Porth Cynnal and Statutory Director) Stephen Johnson (CLO: Finance & Procurement)
<b>Reporting Officer:</b>	Duncan Hall (Corporate Manager: Service Finance) George Ryley (Corporate manager: Procurement)
<b>Date:</b>	28/06/21