

CEREDIGION COUNTY COUNCIL

Report to:	Cabinet
Date of meeting:	01/11/22
Title:	Care Home Fees Setting - Independent Sector & Local Authority Fees
Purpose of the report:	To set recommended fees for placements in Ceredigion Independent Sector Care Homes for Older People for 2022/23
For:	DECISION
Cabinet Portfolio & Cabinet Member:	Cllr Alun Williams – Cabinet Member for Through Age and Wellbeing

1. Introduction

A standard fee is set for Older Persons' placements that are commissioned by the Council in private Residential and Nursing Care homes within the county. The fees are split into 4 different individual fee categories. In Ceredigion there are 10 Independent sector Care Homes (7 Residential Homes and 3 Nursing Homes) and 5 Local Authority run Care Homes.

The Council is obligated to follow both WG guidance and the Social Services & Wellbeing Act (Wales) when considering and determining a price for care in Older People's homes in Ceredigion. Various publications also exist such as the WG's 'Fulfilled Lives, Supportive Communities, Commissioning Framework and Guidance' and the WG's 'Let's agree to agree toolkit'.

2. Background

The last in-depth review of Care Homes Fees occurred as part of the Fee Setting process for 18/19. The WG 'Let's Agree to Agree' toolkit suggests that a full analysis of costs should take place every 3 to 4 years.

The 2021/22 fee setting process was a challenging one (final position was increases of +6.4% average for Residential Fees and +8.29% average for Nursing fees). One of the 2021/22 outcomes was collective agreement that an independent external review would be undertaken to ascertain the True cost of care in Ceredigion, to inform the 2022/23 fees setting process

3. Approach and Outcome for 2022/23

The Council commissioned an external organisation to undertake the independent review. This work was undertaken by Laing Buisson, who are a nationally recognised expert in the field of Social Care economics and who have undertaken many similar reviews.

The review commenced in January 2022 and, as an interim measure, fees were uplifted by 9.13% from April 2022, pending the outcome of the review. The interim uplift was done mainly to ensure that adequate funding was in place to fulfil WG's Real Living Wage policy for registered Social Care staff from April 2022.

Considerable time, energy and effort has been put into the review by Council officers, Laing Buisson and Care Homes themselves. The process run entirely independently by Laing Buisson included:

- Online data collection surveys (which were completed by all private Older Persons Care Homes in the county)
- Extensive checking and validation of survey returns
- Standard factors for Profit mark up on Operating costs and Return on Capital employed.
- National evidence on the ratios between standard and dementia costs
- Other National data and benchmarks held by Laing Buisson
- Consideration of CPI inflation including latest in year forecasts
- Consideration of Occupancy rates
- A formal Independent report outlining the approach and proposed fee levels for 2022/23
- A meeting held by Laing Buisson to present the findings of their report to all Care homes and the Council.

Laing Buisson's independent report recommended the following fee levels at 2022/23 prices:

<u>Weekly Placement Fees</u> (at 22/23 prices)	Residential	Residential EMI	Nursing	Nursing EMI
2022/23 Fees (Inc LA FNC *)	£760.00	£812.00	£891.00	£891.00
2022/23 Fees (Exc LA FNC *)	£760.00	£812.00	£883.30	£883.30

* LA FNC = Local Authority Funded Nursing Care of c£7.70 per week. This forms part of a higher placement cost (which also includes a Health Board FNC element of c£190 (still provisional for 22/23) if a placement is deemed to be a Funded Nursing Care placement).

The fee comparison with 2021/22 fees is as follows:

<u>Weekly Placement Fees</u> (excluding LA FNC)	Residential	Residential EMI	Nursing	Nursing EMI
2021/22 Fees	£644.00	£686.00	£668.15	£711.48
2022/23 Proposed Fees	£760.00	£812.00	£883.30	£883.30
Increase (£)	+£116.00	+£126.00	+£215.15	+£171.82
Increase (%)	+18.0%	+18.4%	+32.2%	+24.1%

The proposed fees compare favourably with the All-Wales position (accepting that more and more Cost of Care reviews are being done, so the position does change periodically). Based on the information available, the proposed fees would place Ceredigion as having the 3rd highest fees in Wales (taking a simple average of all 4 Fee categories) and no lower than 4th highest in any single fee category. However, the purpose of this review was not about league tables, it was about paying the True cost of care for Older Persons' placements made within the county.

4. Feedback from the Care Home sector

All Care Homes were asked for their formal feedback on the Independent report and the resulting proposed 2022/23 fee levels. All 3 Nursing Homes have accepted the report and proposed fees, 1 Residential Home has accepted the report and proposed fees, however the remaining 6 Residential Homes have not accepted the report or the proposed Fees. The main areas of difference are a request for higher levels of fees than those proposed and a different view on how outlier homes are treated in the underlying data analysis.

5. Conclusion

For 2022/23, the fee setting process has been undertaken as a fully independent review, which was an approach agreed with all Care Homes. The outcome of that independent review proposes Fee increases which have a significant financial implication at a time when the Budget outlook both in year and for next financial year is challenging. The total cost of the proposed fee increases is estimated at an additional £520kpa, of which £405k is already provided for in a contingency.

However, it would not be appropriate to deviate from the outcome of an independent review which has followed a logical and structured process involving the participation of all Care Homes in the county. Therefore, it is proposed that the Council implements the Fees outcome in full, back dated to April 2022. It is also proposed to align the Local Authority run Care home fees at the same level.

With the Living Wage Foundation having already announced that the Real Living Wage is increasing from £9.90 to £10.90, work is already underway to start looking at provisional inflation factors likely to impact on 2023/24 fees. Fee uplifts for 2023/24 are therefore likely to be significant and will need to form part of the 2023/24 budget process. However, with the Real Living Wage for registered Social care staff being a national WG policy, then funding for this aspect should be forthcoming in the 2023/24 Local Government Settlement.

There are financial contributions made by individuals for their care where they have been financially assessed to do so. For private homes this is based on the private fees set by the Care Homes themselves, so there is no further impact for these individuals as the private Homes set and notify their own Private fees.

However for placements in Local Authority homes, the ‘private’ fees are in effect the fees being set through this report. Therefore, even though it is proposed to backdate Placement costs to Care Homes, it would not be appropriate, given the passage of time, to retrospectively recalculate the charges relating to those individuals in Local Authority Care Homes back to April 2022. Therefore, there will be a one off in year cost associated with this, estimated at c£50k (affecting c.20 individuals), which will need to be identified from within the Service’s budget and for charging purposes it’s proposed to use Monday 31/10/22 as the effective date, which is the start of a week.

Has an Integrated Impact Assessment been completed? If, not, please state why

Wellbeing of Future Generations:

Summary: Not applicable
Long term:
Collaboration:
Involvement:
Prevention:

Recommendation:

1. That the fees for private Care Homes in Ceredigion are approved for 2022/23 at the following weekly levels, effective from 04/04/2022:

Residential	£760.00
Residential EMI	£812.00
Nursing	£883.30
Nursing EMI	£883.30

2. That the fees for Council run Residential Care Homes in Ceredigion are approved for 2022/23 at the following weekly levels, effective from 04/04/2022:

Residential	£760.00
Residential EMI	£812.00

3. That for the purposes of an individual’s contribution to their care (following the outcome of a financial assessment) the effective date for the Council run Residential Care Home fees changes shall be 31/10/2022.

Reasons for decision:

To agree and set Older Person fees for 2022/23

Overview & Scrutiny:

Members were made aware during the 2022/23 Budget Setting process that an Independent review was being undertaken.

Policy Framework:	Commissioned Placement Costs and Fees & Charges
Corporate Priorities:	Investing in People's Future, Enabling Individual and Family Resilience
Finance & Procurement implications:	A £405k contingency was put into the 2022/23 Porth Cynnal budget in advance of the Fees setting process being undertaken, in the knowledge there was a strong likelihood of a further increase beyond the interim 9.13%. The estimated implementation cost is £520kpa and the additional £115k ongoing cost will need to be reflected in the Quarter 2 position and the 2023/24 Budget setting process. There is also an additional one-off cost of c£50k due to the effective date for charging purposes.
Legal Implications:	None
Staffing implications:	None
Property / asset implications:	None
Risk(s):	Further increased costs may arise from other Councils reviewing the Cost of Care in their counties, which could then impact on Older Persons' Out of county placement costs. There may still be commissioning challenges with individual Care Homes if they refuse the Council's standard fees for placements.
Statutory Powers:	Social Care and Well-being Act (Wales) 2014 2010 WG statutory guidance entitled 'Fulfilled Lives, Supportive Communities, Commissioning Framework and Guidance'
Background Papers:	None
Appendices:	None
Corporate Lead Officer:	Audrey Somerton Edwards (Interim CLO: Porth Cynnal and Statutory Director) Duncan Hall (CLO: Finance & Procurement)
Reporting Officer:	Duncan Hall (CLO: Finance & Procurement) George Ryley (Corporate manager: Procurement)
Date:	11/10/22

