

# CEREDIGION COUNTY COUNCIL

**Report to:** Cabinet

**Date of meeting:** 04/04/23

**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 2023/24

**For:** DECISION

**Cabinet Portfolio & Cabinet Member:** Cllr Alun Williams, Deputy Leader of the Council and 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

Last year the Council commissioned an external organisation to independently review its Care Home Fees and considerable time, energy and effort was put into the review by Council officers, LaingBuisson and Care Homes themselves. The Council fully implemented the outcome of the independent report for 2022/23 which resulted in the following fees:

<b><u>Weekly Placement Fees</u> *</b>	<b>Residential</b>	<b>Residential EMI</b>	<b>Nursing</b>	<b>Nursing EMI</b>
2022/23 Fees	£760.00	£812.00	£883.30	£883.30
Increase over 2021/22 (£)	+£116.00	+£126.00	+£215.15	+£171.82
Increase over 2021/22 (%)	+18.0%	+18.4%	+32.2%	+24.1%

\* Nursing exclude the Local Authority Funded Nursing Care element (c£7.86 per week)

### **3. Approach and Outcome for 2023/24**

The 2022 independent report recognised that undertaking a complete and full analysis of the true costs of care is not realistic each and every year, due to the associated resource implications for both the Council and the Care Homes.

Instead, it proposed a fuller analysis is done every 3 to 4 years and that, in the intervening years, annual uplift considerations would be based around an inflationary index type approach, taking due consideration of the issues affecting different elements within the inflation mix e.g. Real Living Wage increases, Pensions, Food, Energy etc.

Following the inflationary index approach, key assumptions have been made to arrive at a fee proposal for the new financial year as follows:

- i) To include provision for the increase in the Real Living Wage from £9.90 to £10.90 per hour affecting all registered Social Care workers, and to factor in the UK Government decision to reverse the 1.25% Employers National Insurance increase, giving an overall uplift of 9.4% which has been applied to direct care staff and ancillary staff.
- ii) Pay rates for other staff (Management & Admin) assumed to rise by 7.5%
- iii) Non-staff costs assumed to increase to take account of key component parts within the 10.1% official CPI index at January 2023. E.g. Insurance 13.6%, Food 16.8%, Housing / water / electricity / gas / other fuels 26.7% and All Items CPI excluding Energy and Food 5.8%.
- iv) Increase in profit and return on capital employed assumed of 3%.

This results in a proposed 2023/24 fee increase of 8.86%, meaning the baseline standard placement costs for the 4 categories of care would be:

<b><u>Weekly Placement Fees</u> *</b>	<b>Residential</b>	<b>Residential EMI</b>	<b>Nursing</b>	<b>Nursing EMI</b>
2022/23 Final	£760.00	£812.00	£883.00	£883.00
2023/24 Proposed	£827.00	£884.00	£961.00	£961.00

\* Nursing exclude the Local Authority Funded Nursing Care element (c£7.86 per week)

### **4. Feedback from the Care Home sector in Ceredigion**

All Care Homes were asked for their formal feedback on an initial provisional proposal of an 8.37% fee uplift for 23/24. All 3 Nursing Homes (100%) and 4 Residential Homes (57%) rejected the proposal, however the remaining 3 Residential Homes accepted (43%). The main reasons given for rejection were staffing costs (including pay) and energy/heating costs.

The feedback has been considered as part of a review of the initial fee uplift proposal and is reflected in the figures provided under the Section 3: Approach and Outcome for 2023/24 above. This has resulted in the provisional 8.37% increasing to 8.86%.

## 5. Conclusion

The Council's Local Government Finance Settlement increase from Welsh Government for 23/24 was 8.1%. This included provision for the Real Living Wage increase for registered Social Care staff in accordance with Welsh Government's policy. The Older Persons Placements 23/24 Budget was predicated on an indicative fee increase of 8.37%.

The total cost of the proposed 8.86% fee increase is estimated to be an additional c£40k pa if placement volumes stay constant, broadly equivalent to 1 additional Residential placement. Early indications from neighbouring authorities (most of whom have not concluded their fee setting processes yet) are that Ceredigion fees will still remain higher.

With inflation remaining high, these are challenging times for most businesses and the private Residential and Nursing Care Homes sector is no different. Full consideration has been given as far as possible to recognise the specific cost pressures affecting the sector and take account of feedback received from Providers through the consultation process.

It is proposed that the Council implements the Fees increases outlined for 23/24 from 10/04/23 (which aligns with the effective date used for updated financial assessments, in order to avoid additional / duplication of work in this area). It is also proposed to align the Local Authority run Care home fees at the same level.

### **Wellbeing of Future Generations:**

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

**Summary:** Not applicable

**Long term:**

**Collaboration:**

**Involvement:**

**Prevention:**

### **Recommendation:**

1. That the fees paid to private Care Homes in Ceredigion are approved for 2023/24 at the following weekly levels, effective from 10/04/2023:

Residential	£827.00
Residential EMI	£884.00
Nursing	£961.00
Nursing EMI	£961.00

2. That the fees charged for Council run Residential Care Homes in Ceredigion are approved for 2023/24 at the following weekly levels, effective from 10/04/2023:

Residential	£827.00
Residential EMI	£884.00

<b>Reasons for decision:</b>	To agree and set Older Person fees for 2023/24
<b>Overview &amp; Scrutiny:</b>	None
<b>Policy Framework:</b>	Commissioned Placement Costs and Fees & Charges
<b>Corporate Priorities:</b>	Creating Caring and Health Communities
<b>Finance &amp; Procurement implications:</b>	The total cost of the proposed fee increase is estimated to be an additional c£40k pa above the 23/24 Budget if placement volumes remain constant.
<b>Legal Implications:</b>	None
<b>Staffing implications:</b>	None
<b>Property / asset implications:</b>	None
<b>Risk(s):</b>	There can be commissioning challenges with individual Care Homes if they refuse the Council's standard fees for placements and/or try to levy Additional Cost Contributions on residents.
<b>Statutory Powers:</b>	Social Care and Well-being Act (Wales) 2014 2010 WG statutory guidance entitled 'Fulfilled Lives, Supportive Communities, Commissioning Framework and Guidance'
<b>Background Papers:</b>	None
<b>Appendices:</b>	None
<b>Corporate Lead Officer:</b>	Audrey Somerton Edwards (Interim CLO: Porth Cynnal and Statutory Director) Donna Pritchard (CLO: Porth Gofal) Duncan Hall (CLO: Finance & Procurement)
<b>Reporting Officer:</b>	Duncan Hall (CLO: Finance & Procurement) George Ryley (Corporate Manager: Procurement & Commissioning)
<b>Date:</b>	20/03/23

