

CYNGOR SIR CEREDIGION COUNTY COUNCIL

Report to: Cabinet

Date of meeting: 11/03/25

Title: Older Persons Fee Setting 2025/26 – Independent Sector & Local Authority fees

Purpose of the report: To set recommended fees for placements in Ceredigion Care Homes for Older People for 2025/26

For: Decision

Cabinet Portfolio and Cabinet Member:
Councillor Alun Williams, Deputy Leader of the Council and Cabinet Member for Through Age and Wellbeing

1. Introduction

Annually 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 now 8 Independent sector Care Homes (6 Residential Homes and 2 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. There are numerous publications available such as the WG's 'Fulfilled Lives, Supportive Communities, Commissioning Framework and Guidance' and the WG's 'Let's agree to agree toolkit' which offers a best practice guide. The essence of the guidance is that it requires both commissioners and providers to come to a shared view on the price and the components that make up that price, together with transparency and openness from both parties.

2. Background

In late 2021 the Council commissioned an external organisation to undertake an independent review of the fees. As a result of the work undertaken by Laing Buisson the 2022/23 fees increased significantly. The change in the fees paid to providers between 2021/22 and 2024/25 are shown in the following table:

<u>Ceredigion Weekly Placement Fees</u>	Residential	Residential EMI	Nursing	Nursing EMI
2021/22 Fees	£644.00	£686.00	£668.15	£711.48
2024/25 Fees	£896.00	£958.00	£1,040.00	£1,040.00
<i>% Increase 2024/25 v 2021/22</i>	39%	40%	56%	46%

Ceredigion's fees compare favourably with the All-Wales position. Previous data collated for 24/25 showed that the fees that paid to Older Persons independent care homes in Ceredigion, on average, the third highest in Wales (taking a simple average of all four fee categories).

Undertaking a complete and full analysis of the true costs of care annually is not realistic, due to the associated resource implications for both the Council and the Care Homes and that annual uplift considerations would be based on an inflationary index type approach in the intervening years with a fuller analysis done every 3 to 4 years. This is in line with the WG 'Let's Agree to Agree' toolkit and was also a recommendation within the Laing Buisson report.

3. Process to determine fee rates for 2025/26

The Chancellors announcement in late October 2024 to introduce changes to Employers National Insurance has significant financial implications for all Businesses including Care Providers. In addition, the announcement of the latest iteration of the Real Living Wage (rising from £12.00 to £12.60 per hour) also impacts on Care Providers due to Welsh Government's national policy of ensuring that all registered Social Care workers in Wales receive at least the Real Living Wage.

In order to engage with the externally commissioned care sector in Ceredigion, an online Budget Impact Survey was sent to 23 providers in Ceredigion (including Older Persons Care Homes) in mid to late November 2024 to understand their views on the impact of the Employers NI and Real Living Wage changes, as well as gauging wider views to assist with budget forecasting and fee considerations.

After considering the Budget Impact Survey responses (noting that only 10 out of 23 Providers responded to the Survey) and also the Council's Budget position, a comprehensive update was provided to all Older Persons Care Homes in early February 2025 setting out the proposed weekly fee levels for 25/26 and the factors that had been considered.

The aim of the fee setting process is to take a balanced, reasoned and informed approach in order to support a sustainable, stable, efficient and effective Provider market in Ceredigion by ensuring that fees proposed are reflective of the true cost of care (including the factors that have changed from one year to the next) and balancing these factors against affordability and finite financial resources (given also the context of the Council's continuing poor financial settlements from WG).

4. Proposed inflationary uplift for 25/26

Inflationary uplifts for specific cost elements have been factored in for 2025/26 to provide an overall weekly standard fee for care homes. The factors that have been taken into account when proposing the overall fees for 25/26 are:

- Funding to recognise and enable the Real Living Wage for registered Social Care Workers to be paid at no less than £12.60 per hour from April 2025 (a 5.0% increase)
- Recognition of funding for assumed pay uplifts for other staff not covered by the WG Real Living Wage policy but at a lower level of increase more akin to CPI
- Financial recognition, as far as possible, of the impact of the change in Employers National Insurance
- A general inflation provision of 5% in respect of Premises and Supplies & Services related costs. This is more generous than the current CIP level of 2.5%.

It should be noted that regarding Employers National Insurance, WG have stated that *'HM Treasury has confirmed it will provide additional funding in the first half of 2025/26 to the Welsh Government to reflect the impact of the increased Employers NICs for public sector staff, following the ONS definition of a public sector employee.'* Whilst there is recognition that there is an impact of Employer NIC costs on the 3rd sector and other Providers (including Social Care Providers), there is no funding included thus far, nor any sense that there will be any funding forthcoming for these sectors. This is an extremely disappointing position and one that the Council has been lobbying WG hard on.

Despite the fact there is no specific funding forthcoming for the Employers National Insurance impact, the Council has prioritised funding within its 25/26 Budget to ensure that the Social Care commissioned sector in Ceredigion is supported as far as possible. It is estimated that the Employers NI component for the Social Care commissioned sector alone will cost the Council c£937k, which is the equivalent of a 1.75% Council Tax increase for every Ceredigion household.

The proposed fees uplift for 25/26 is c6.8% and would result in the following fees:

	Residential	Residential EMI	Nursing **	Nursing EMI **
2024/25 Fees	£896	£958	£1,040	£1,040
Proposed 25/26 Fees	£957	£1,023	£1,111	£1,111
% Uplift	6.81%	6.78%	6.83%	6.83%

**** Nursing Fees exclude Local Authority FNC and Health Board FNC elements**

It should be noted that there are a very small number of private contracts inherited following the transfer of Hafan y Waun to the Council. Fees for these particular placements will continue in accordance with those contracts and these do not form part of the Fee setting considerations.

5. Conclusion

The fee offer needs to be considered within the context of the Council's significant financial pressures for 25/26, with the inflation affecting the Council estimated to be running at 6.1% compared with CPI of 2.5%. The proposed percentage uplifts for OP Care Homes of 6.8% is well in excess of the Council's Provisional Settlement increase in core funding from Welsh Government of 3.6%. However the 6.8% level is needed in order to ensure that sufficient funding is available to assist with the 2 main financial challenges of maintaining the Real Living Wage for registered Social Care Workers and the impact of the Chancellor's changes to Employers National Insurance coming into effective from April 2025.

With the backdrop of the Council's WG funding settlement and no current prospect of any funding for the impact of Employers National Insurance on the Social Care commissioned sector, the Council has done everything in its power to propose uplifts for 25/26 that are both fair (in terms of recognising the key financial variables compared with 24/25) and within the limits of affordability (in terms of the Council's overall budget position and the impact on Council Tax payers within Ceredigion). Current intelligence suggests that the %age increases proposed in Ceredigion are likely to be higher than neighbouring authorities and therefore it is likely that Ceredigion will continue to feature in the top quartile in any all Wales comparison.

The Council has demonstrated to Providers how conclusions on the proposed fees have been arrived at and a robust process has been followed. It is therefore proposed that the Council implements the proposed Fees (using an effective date that aligns with changes in Benefits in order to avoid additional work in relation to financial assessments).

Wellbeing of Future Generations:

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

No.

Summary of Integrated Impact Assessment:

Long term: N/A
Collaboration: N/A
Involvement: N/A
Prevention: N/A
Integration: N/A

Recommendation(s):

- 1. That the fees for private Care Homes in Ceredigion are approved for 2025/26 at the following weekly levels, effective from 07/04/25:**

Residential	£957
Residential EMI	£1,023
Nursing	£1,111
Nursing EMI	£1,111

2. That the fees for Council run Residential Care Homes in Ceredigion are approved for 2025/26 at the following weekly levels, effective from 07/04/25:

Residential	£957
Residential EMI	£1,023

Reasons for decision:

To agree and set Older Person fees for 2025/26.

Overview and Scrutiny:

N/A

Policy Framework:

Commissioned Placement Costs and Fees & Charges

Corporate Well-being Objectives:

- Boosting the Economy, Supporting Businesses and Enabling Employment
- Creating Caring and Healthy Communities

Finance and Procurement implications:

The proposed fee offer is within the cost pressure for commissioned services uplifts included as part of the 25/26 budget setting process.

Legal Implications:

None

Staffing implications:

None

Property / asset implications:

None

Risk(s):

There may be commissioning challenges with individual Care Homes if they refuse the Council's standard fees for placements. If there is insufficient supply of required residential or nursing OP beds in Ceredigion then the Council may be required to place out of County which may come at an increased cost.

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, Corporate Lead Officer: Porth Cynnal and Statutory
Director for Social Services

Donna Pritchard, Corporate Lead Officer: Porth Gofal

Duncan Hall, Corporate Lead Officer: Finance & Procurement

Reporting Officer:

Duncan Hall, Corporate Lead Officer: Finance & Procurement

Date:

18/02/25