

<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Report to:</b>	<b>Executive</b>
<b>Date:</b>	<b>18/2/2019</b>
<b>Subject:</b>	<b>Independent Sector Care Home Fees for 2019/20</b>
<b>Portfolio Holder(s):</b>	<b>Cllr Llinos Medi Huws</b>
<b>Head of Service:</b>	<b>Alwyn Rhys Jones – Head of Service</b>
<b>Report Author:</b>	<b>Dafydd Bulman – Strategic Transformation and Business Manager</b>
Tel:	
E-mail:	<b>01248 752013 <a href="mailto:Dafyddbulman@ynysmon.gov.uk">Dafyddbulman@ynysmon.gov.uk</a></b>
<b>Local Members:</b>	<b>All members</b>

<b>A –Recommendation/s and reason/s</b>				
<p>From 6 April 2016, the framework for financial assessment and charging is now under the Social Services and Well-Being (Wales) Act 2014. The Local Authority is required to review independent sector care home fees annually to coincide with Central Government’s changes to benefits and pension levels.</p> <p>In setting fee levels for independent sector care homes, we need to show that we have fully considered the costs of the provision in determining our standard care fees. This is done in collaboration with the other Authorities in North Wales and the Health Board by utilizing a Regional Fee Methodology, as done in previous years. We will continue to use this model for 2019/20 which has reflected legislation changes in terms of pensions, national living wage and inflation.</p> <p>The North Wales Methodology (Appendix 1) has recommended an increase of between 3.66% and 5.00% across the four categories of care. The following fees are proposed for 2019/20:</p>				
<b><u>Table 1 - North Wales Methodology Recommendation</u></b>				
Category	2018/19	2019/20	Increase £	Increase %
Residential (Adults)	£544.49	£564.41	£19.92	3.66%
Residential (EMI)	£565.99	£587.20	£21.21	3.75%
Basic Nursing Care (Social Care Element)	£587.50	£616.58*	£29.08	4.95%
Nursing (EMI) (Social Care Element)	£619.77	£650.76*	£30.99	5.00%
All the above are based on 10% ROI for 2018/19 and 19/20.				

\*2019/20 Fee will include the indicative Local Authority contribution to FNC following the High Court Judgment. How this additional contribution will be made is yet to be agreed.

As part of fee setting for 2019/20, Ynys Mon consulted on the fees of which there is a summary in Appendix 2.

The North Wales Adult Service Heads (NWSASH) have agreed that the increases noted were consistent with the implementation of the fees model.

Following discussion with Head of Finance (Section 151), we are proposing to use the Regional methodology for:

- EMI Residential;
- Basic Nursing Care Social Care Element

The department recommends an increase in the ROI on Nursing EMI placements of 12% in recognition of the pressures in this area, and in line with fees offered by nearby local authorities.

Estimated annual pressure based on a 10% ROI for Nursing EMI = £9,709.44  
 Estimated annual pressure based on a 11% ROI for Nursing EMI = £13,752.96  
 Estimated annual pressure based on a 12% ROI for Nursing EMI = £17,796.48

Consistent with the strategic direction the Council is taking in developing alternatives to residential care in the form of Extra Care Housing and care at home, and having due regard to the affordability of the increase proposed for Residential Care Homes, we propose to set the rate for residential (Adults) care based on a lower return of investment of 9%.

Estimated annual pressure based on a 10% ROI for Residential Care = £164,793.20  
 Estimated annual pressure based on a 9% ROI for Residential care = £109,194.80  
 Estimated annual pressure based on a 8% ROI for residential Care = £53,596.40

Ynys Mon therefore recommends the following rates for approval:

**Table 2 – Ynys Mon Proposed Fee’s for 2019/20**

Category	2018/19	2019/20	Increase £	Increase %	ROI
Residential (Adults)	£534.77	£554.69	£19.92	3.72%	9%
Residential (EMI)	£565.99	£587.20	£21.21	3.75%	10%
Basic Nursing Care (Social Care Element)	£587.50	£616.58*	£29.08	4.95%	10%

Nursing (EMI) (Social Care Element)	£619.77	£670.20*	£50.43	8.14%	12%
---	---------	----------	--------	-------	-----

\*2019/20 Fee will include the indicative Local Authority contribution to FNC following the High Court Judgment. It is yet to be agreed how this additional contribution will be made.

It may be necessary to consider individual submissions from providers regarding these fees. Should there be clear evidence to indicate that the fee set is not sufficient in any individual case the council will need to consider exceptions to the fee rates. It is proposed that any such decisions are delegated to the Portfolio holder, Head of Finance and Head of Adult Social Care.

The Executive Committee is requested to:-

1. Acknowledge the North Wales Fee Methodology as implemented hitherto by the Authorities in North Wales as a basis for setting fees in Ynys Mon during 2019/20 (appendix 2);
2. Approve the recommendation to increase the fee level as noted in Table 2;
3. In line with other Authorities, authorise the Social Services and Finance Departments to respond to any requests from Homes to explore their specific accounts and to utilize the exercise as a basis to consider any exceptions to the agreed fees. Any exceptions to be agreed with the Portfolio Holder, the Head of Finance and the Head of Adults from within current budgets. If no agreement can be made this will be go back to the Executive.

**B – What other options did you consider and why did you reject them and/or opt for this option?**

We decided to adopted a slighted amended ROI for 2 categories based upon the reasons noted within the report

**C – Why is this a decision for the Executive?**

Local Authorities need to set care home fee levels in line with the national policy. This decision has financial implications for the Local Authority's budget and in terms of affordability in the prevailing financial climate.

**CH – Is this decision consistent with policy approved by the full Council?**

This decision is in line with the approval to work with other Local Authorities in North Wales and to implement the North Wales Fee Methodology to set fees annually.

**D – Is this decision within the budget approved by the Council?**

Based upon detailed discussion with the Finance Department, the estimated impact of these changes, and the department proposed budget for 2019/20, it is considered that these rate increases can be accommodated within budget.

This will require the department to maintain a focus on maintaining a reduction in the number of placements of this nature as has been evidenced in recent years.

<b>DD – Who did you consult?</b>		<b>What did they say?</b>
<b>1</b>	<b>Chief Executive / Senior Leadership Team (SLT)</b> (mandatory)	Report discussed in SLT on 22/1/2019
<b>2</b>	<b>Finance / Section 151</b> (mandatory)	Been working with S151 and Finance Manager in developing this report.
<b>3</b>	<b>Legal / Monitoring Officer</b> (mandatory)	Report discussed in SLT on 22/1/2019
<b>4</b>	<b>Human Resources (HR)</b>	n/a
<b>5</b>	<b>Property</b>	n/a
<b>6</b>	<b>Information Communication Technology (ICT)</b>	n/a
<b>7</b>	<b>Procurement</b>	n/a
<b>8</b>	<b>Scrutiny</b>	n/a
<b>9</b>	<b>Local Members</b>	n/a
<b>10</b>	<b>Any external bodies / other/s</b>	n/a

**E – Risks and any mitigation (if relevant)**

<b>1</b>	<b>Economic</b>	n/a
<b>2</b>	<b>Anti-poverty</b>	n/a
<b>3</b>	<b>Crime and Disorder</b>	n/a
<b>4</b>	<b>Environmental</b>	n/a
<b>5</b>	<b>Equalities</b>	n/a
<b>6</b>	<b>Outcome Agreements</b>	n/a

7	Other	n/a
---	-------	-----

<b>F - Appendices:</b>
Appendix 1 – The North Wales Methodology Appendix 2 – Summary of Consultation

<b>FF - Background papers (please contact the author of the Report for any further information):</b>

<b>Draft Fee Calculations 2019/20 (V3. November 2018)</b>			
	<b>Fee 2018/19</b>	<b>Indicative Fee 2019/20</b>	<b>Basis of Calculation</b>
<b>1. INDIRECT COSTS -standard for all categories of care</b>			
Utilities (electricity, gas, TV, Council Tax, Water, Telephone)	£29.13	£29.83	CPI Sep 2018 = 2.4%
Registration (Professional Membership, CRBs etc)	£1.28	£1.31	CPI Sep 2018 = 2.4%
Recruitment	£2.47	£2.53	CPI Sep 2018 = 2.4%
Contract maintenance of equipment	£3.58	£3.67	CPI Sep 2018 = 2.4%
Maintenance of capital equipment	£22.02	£22.55	CPI Sep 2018 = 2.4%
Gardener /handyman	£9.71	£10.18	NLW 4.85% increase on 18/19 rate
Furniture/Fittings including repairs and renewals	£0.00	£0.00	Removed in 2017/18
Training	£2.46	£2.52	CPI Sep 2018 = 2.4%
Non prescription medical supplies	£3.72	£3.81	CPI Sep 2018 = 2.4%
Insurance	£6.20	£6.35	CPI Sep 2018 = 2.4%
Groceries & household provisions	£28.65	£29.34	CPI Sep 2018 = 2.4%
<b>Sub-total Indirect Costs</b>	<b>£109.22</b>	<b>£112.09</b>	
<b>2. OTHER COSTS - standard for all categories of care</b>			
Return on Investment	£97.16	£97.16	10% ROI
Additional Expenses (not covered elsewhere)	£18.08	£18.51	CPI Sep 2018 = 2.4%
<b>Sub-total Other Costs</b>	<b>£115.24</b>	<b>£115.67</b>	
<b>3. STAFF COSTS</b>			
<b>Residential</b>			
Management /Admin	£48.85	£49.83	2% increase
Senior Care Staff	£120.65	£127.68	10.5 hours x £12.16
Care Staff	£105.21	£111.62	10.5 hours x £10.63
Domestic Staff	£45.32	£47.52	NLW 4.85% increase on 18/19 rate
<b>Sub-total Residential Homes' Staff Costs</b>	<b>£320.03</b>	<b>£336.65</b>	
<b>TOTAL RESIDENTIAL</b>	<b>£544.49</b>	<b>£564.41</b>	
<b>EMI Residential</b>			
Management /Admin	£48.85	£49.83	2% increase
Senior Care Staff	£132.13	£139.84	11.5 hours x £12.16
Care Staff	£115.23	£122.25	11.5 hours x £10.63
Domestic Staff	£45.32	£47.52	NLW 4.85% increase on 18/19 rate
<b>Sub-total EMI Residential Homes' Staff Costs</b>	<b>£341.53</b>	<b>£359.44</b>	
<b>TOTAL EMI RESIDENTIAL</b>	<b>£565.99</b>	<b>£587.20</b>	
<b>Nursing</b>			
Management /Admin	£48.85	£49.83	2% increase
Local Authority contribution to FNC*	£6.59	£6.59	* subject to legal advice and uplift / revision
Senior Care Staff	£143.62	£152.00	12.5 hours x £12.16
Care Staff	£125.25	£132.88	12.5 hours x £10.63
Domestic Staff	£45.32	£47.52	NLW 4.85% increase on 18/19 rate
<b>Sub-total Nursing Homes' Staff Costs</b>	<b>£369.63</b>	<b>£388.82</b>	
<b>TOTAL NURSING</b>	<b>£594.09</b>	<b>£616.58</b>	
<b>EMI Nursing</b>			
Management /Admin	£48.85	£49.83	2% increase
Local Authority contribution to FNC*	£6.59	£6.59	* subject to legal advice and uplift / revision
Senior Care Staff	£160.86	£170.24	14 hours x £12.16
Care Staff	£140.28	£148.82	14 hours x £10.63
Domestic Staff	£45.32	£47.52	NLW 4.85% increase on 18/19 rate
<b>Sub-total Nursing EMI Homes' Staff Costs</b>	<b>£401.90</b>	<b>£423.00</b>	
<b>TOTAL EMI NURSING</b>	<b>£626.36</b>	<b>£650.76</b>	

## Appendix 2

### Setting Residential and Nursing Care Fee Level 2019/20 - Feedback on the Fee Proposed by the methodology.

In October Adult Social services shared the North Wales Residential and Nursing fee model with all providers in order to receive feedback from providers. This consultation period came to an end mid-November. We received a number of response from providers.

Comments	Response
The Government imposed increase of the pension doesn't seem to be included in the uplift on wages and salaries. It would be good if this were included.	For 2019/20 fee the North Wales Methodology has increased the pension contribution from 1.5% to 2.5% this is to reflect the changes in pension contribution in 2019/20. This is based on the LaingBuisson 7 <sup>th</sup> Edition and assuming that not all staff will opt for a pension.
It would also be beneficial to everyone if the ROI were reinstated to the 10% level shown in the document sent through.	Due to affordability (Volume of placement) and market conditions the local authority will be keeping the 9% rate for residential care for 2019/20.
Fees do not reflect the operating costs. The following are not reflected in the toolkit: Staff recruitment, increasing nursing salaries, increased beauracracic costs and higher dependency levels amongst residents.	Any provider that has evidence of cost over the fees to be implemented in Ynys Mon is invited to make arrangements to meet on a one-to-one basis to discuss these in an open book exercise.
Cost of supplying nursing equipment such as high profile beds, upgrade call bell systems, security locks on outside doors, renewal of furniture (carpets, beds etc.) at a more frequent rate.	This matter is for the Health board as they fund this element.
Staff ratio's have increased at our home (additional night carer, day carer, twillight carer) and day carers being brought in 1 hour earlier in the morning to assist in service users care needs.	This is an operational matter for each home. Any provider that has evidence of cost over the fees to be implemented in Ynys Mon is invited to make arrangements to meet on a one-to-one basis to discuss these in an open book exercise
Staff training needs have changed greatly over the years with the need to provide training throughout the year	Additional support for training is available from the workforce training unit.
Provider also referred to other costs that have increased: in recent years: Pensions, Salary increases, Holiday pay.	Staffing rates have been inflated by the percentage uplift for National Living Wage since the Autumn Statement and % increase in pensions contributions.
Many homes on the Island are not new builds, therefore existing premises will have high maintenance bills due to: Age and natural wear and tear which is now subject to more scrutiny by third party inspectors , hence more investment in equipment and more upkeep	The fee includes elements on return on investment and for the provision of equipment. Any provider that has evidence of cost over the fees to be implemented in Ynys Mon is invited to make arrangements to meet on a one-to-one basis to discuss these in an open book exercise

<p>on the premises is required. Cost factor of Furniture/fittings and renewals should be re-introduced.</p>	
<p>Anglesey Council owned care homes are awarded a higher fee level for care than is awarded to the Private Sector. This has forced many into charging top ups, which does not make us popular locally thus increases your waiting lists for your care homes as you don't charge top ups.</p>	<p>Changes have been recommended to the Executive to increase the fees for Anglesey Council owned care homes residential care for the rate to reflect the cost to the local authority and to reduce the subsidisation over the next 5 years.</p>



