

ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO:	EXECUTIVE COMMITTEE
DATE:	19 JULY 2022
SUBJECT:	RESIDENTIAL AND NURSING HOME FEES 2022/23
PORTFOLIO HOLDER(S):	COUNCILLOR ROBIN W WILLIAMS – PORTFFOLIO HOLDER (RESOURCES) COUNCILLOR ALUN ROBERTS – PORTFFOLIO HOLDER (ADULT SERVICES)
HEAD OF SERVICE:	MARC JONES – DIRECTOR OF FUNCTION (RESOURCES) / SECTION 151 OFFICER ARWEL WYN OWEN – HEAD OF ADULT SERVICES
REPORT AUTHOR: TEL: E-MAIL:	MARC JONES 01248 752601 rmjfi@ynysmon.gov.uk
LOCAL MEMBERS:	All Members

A - Recommendation/s and reason/s

- (i) The Executive approve the increase in fees for residential and nursing care as set out in the Table below:-

Category	2022/23 Original Fee	2022/23 Proposed Fee	Increase from Original 2022/23 Fee
Residential	£636.80	£643.78	£6.98
Residential EMI	£707.17	£772.29	£65.12
Nursing	£703.79*	£752.26*	£48.47
Nursing EMI	£800.88*	£896.19*	£95.31

Note that the fees marked with * do not include the health contribution towards nursing care, which is currently £179.97.

- (ii) That the change in fee is effective from the week commencing 17 July 2022, which will allow time to notify clients and homes of the change and to ensure the change fits in with the invoicing pattern.

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

A range of different fee options were considered, along with making no change to the 2022/23 fees. The proposed option recognises the increase in costs faced by providers, and maintains the link with the regional toolkit as the method of calculating the fees, but also recognises the increased inflationary pressures faced by Providers.

C - Why is this a decision for the Executive?

The setting and revision of the fees payable to residential and nursing homes is a matter delegated to the Executive.

CH - Is this decision consistent with policy approved by the full Council?		
The basis for the decision follows the Council's policy of using the regional toolkit to determine the fee level for residential and nursing homes.		
D - Is this decision within the budget approved by the Council?		
The Council has set the revenue budget for 2022/23. The additional costs relating to this decision can be funded from earmarked reserves and contingency budgets.		
Dd – Assessing the potential impact (if relevant):		
1	How does this decision impact on our long term needs as an Island?	The review will reduce the risk of market failure and ensure that care homes on the Island continue to operate and meet the needs of clients into the future.
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority? If so, how?	There is a risk that, without an increase in fees, the private sector market may fail, which would lead to an imbalance between supply and demand, which could drive up costs further and lead to an over dependency on a smaller number of providers.
3	Have we been working collaboratively with other organisations to come to this decision? If so, please advise whom	Residential and nursing fees have been set following regional discussions annually. This proposed increase follows on from further discussions between the 6 North Wales authorities at a Service management level and by Finance teams.
4	Have Anglesey citizens played a part in drafting this way forward, including those directly affected by the decision? Please explain how.	The proposed increase follows representations from both private sector providers and with the families of clients placed in residential and nursing homes.
5	Note any potential impact that this decision would have on the groups protected under the Equality Act 2010.	The proposals will not impact specifically on any protected group noted in the Act.
6	If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.	The decision to increase the fees payable may result in private providers reducing or not charging top up fees on their clients, some of which may be experiencing socio-economic disadvantage.
7	Note any potential impact that this decision would have on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.	No impact identified.
E - Who did you consult?		What did they say?
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	Comments from the SLT have been incorporated into the report.
2	Finance / Section 151 (mandatory)	n/a – this is the Section 151 Officer's report.
3	Legal / Monitoring Officer (mandatory)	The Monitoring Officer is a Member of the SLT and any comments made have been taken into account in discussions on this report in the SLT.
4	Human Resources (HR)	Not applicable
5	Property	Not applicable

6	Information Communication Technology (ICT)	Not applicable
7	Scrutiny	Not applicable
8	Local Members	Not applicable
9	Any external bodies / other/s	Not applicable
F - Appendices:		
<ul style="list-style-type: none"> • Appendix 1 – Report on the proposed changes to the fees payable 		
FF - Background papers (please contact the author of the Report for any further information):		
<ul style="list-style-type: none"> • Executive Committee – 3 March 2022 – Item 13 – Independant Sector Care Home Fees 2022/23 		

REVISED CARE HOME FEES 2022/23**1. INTRODUCTION**

- 1.1. The Council sets the standard fee payable in respect of placements in residential and nursing homes annually, with fees set for the 4 different types of placement (Residential, Residential EMI, Nursing and Nursing EMI).
- 1.2. Fees are set using an agreed regional toolkit, which has been adapted from the Laing & Buisson toolkit, with the rates for various expenditure headings updated annually based on an assessment by a working group of officers from the 6 North Wales authorities and Betsi Cadwaladr University Health Board. In making the assessment, the Working Group consider information on costs provided by a sample of providers across the 4 different care types.
- 1.3. The fees agreed in March 2022 for 2022/23 are shown in Table 1 below:-

**Table 1
Residential and Nursing Care Home Fees 2022/23**

Category	2021/22	2022/23	Increase	% Increase
Residential	£596.01	£636.80	£40.79	6.84%
Residential EMI	£631.40	£707.17	£75.77	12.00%
Nursing	£657.04	£703.79	£45.75	7.12%
Nursing EMI	£715.07	£800.88	£85.81	12.00%

- 1.4. The fee increases were based on the increase in wage costs to ensure that providers were in a position to pay the Real Living Wage to care staff, in accordance with the Welsh Government's policy. Inflation increases on non care costs were based on the level of inflation at the time the fees were determined, along with the future estimation of inflation. Anglesey also deviated from the regional model and increased the return on investment for both residential and nursing EMI, in order to encourage investment in these two areas where the number of beds available on the Island was limited.
- 1.5. Following the announcement of the fees in March 2022, the Council received representation from individual care homes and from the sector generally, that the fee level would not be sufficient to meet the true cost of care and, in particular, as inflation had increased significantly since the Working Group decided on the level of inflation, particularly in respect of energy and food costs.

2. PROPOSED AMENDMENT TO THE 2022/23 FEES

- 2.1. The sustainability of the care home sector is an important consideration for the Council and the fees set must take into consideration the true cost of care when setting its fees and must ensure that the market remains sustainable going forward.
- 2.2. It is considered that the regional model is still an important tool for determining the fees annually and any changes must be based on the output of the toolkit. However, the factors used in the toolkit must reflect the current position of costs faced by homes.

- 2.3.** Having considered the representations from individual homes and the sector in general, and the rapid increase in inflation, particularly following the war in Ukraine, it is considered that the current fee structure should be reviewed for 2022/23.
- 2.4.** It should be also noted that the differences between the fees paid in North Wales compared to the rates paid in South Wales has been subject to reports in the press, including some negative opinion that the fees paid in North Wales may be too low. However, the Council does believe that the fees set were a fair reflection of the costs faced by homes at the time when the work to set the fees was undertaken, and that the sudden increases in inflation were unforeseen at that time.
- 2.5.** Despite increasing the fee for EMI care by 12% in 2022/23, compared to 7% for standard residential and nursing care, there is still a shortage of EMI places and providers are charging higher fees on residents through top ups. This has also been taken into account when reassessing the fees for 2022/23.
- 2.6.** It should also be noted that there is a risk that the Council will not be in a position to commission new placements at the current fee level, with homes refusing to accept new placements. This leads to delays in transferring clients from hospital or where a client is vulnerable in their own home setting and, as a result, the Council may not be meeting the clients' needs in some cases if the situation continues.
- 2.7.** It is, therefore, proposed to increase the level of inflation (CPI) applied in the toolkit from the original level of 3.1% to its current level of 9% across the four sectors. In addition, that the care hours in the Residential EMI, Nursing and Nursing EMI sectors is based on an average of the standard Laing & Buisson model and the hours suggested by the providers.
- 2.8.** Based on the changes set out above, the proposed fee is shown in Table 2 below:-

Table 2
Proposed Revised Fees for 2022/23

Category	2022/23 Original Weekly Fee	2022/23 Proposed Weekly Fee	Increase from Original 22/23 Weekly Fee
Residential	£636.80	£643.78	£6.98
Residential EMI	£707.17	£772.29	£65.12
Nursing	£703.79*	£752.26*	£48.47
Nursing EMI	£800.88*	£896.19*	£95.31

Note that the fees marked with * do not include the health contribution towards nursing care, which is currently £179.97

- 2.9.** In order to allow time to notify clients and homes of the change, and to ensure the change fits in with the invoicing pattern, it is proposed that the change is effective from the start of the current accounting period, 17 July 2022.
- 2.10.** In implementing these fees from 17 July 2022, the additional cost for the Council is estimated at £227,000. The actual cost may vary depending on the number of clients in each category.

- 2.11. As part of the Council's earmarked reserves, a sum of £2.25m has been reserved to cover the cost of inflationary pressures in 2022/23, and the additional cost will be funded from this reserve.
- 2.12. The proposed change will also increase the base budget for 2023/24, and an adjustment of £323,000 will be required in the base budget as part of the budget setting process for 2023/24.

3. IMPACT OF THE PROPOSED CHANGE

- 3.1. The proposed fees will bring the standard fees paid by Anglesey above the Welsh average fee.
- 3.2. The proposed increase, and the fact that the Council has considered the current costs faced by providers, will mitigate the risk of a legal challenge from providers.
- 3.3. The increased fees will allow the Council to discuss with providers the need to charge top up fees on the families of residents placed in homes.
- 3.4. The fact that the proposed change is still based on the regional toolkit provides a consistent methodology in determining fees and allows the Council to still rely on this method in future years, although it is noted that other Councils may be moving away from the toolkit and the regional approach.

The increase will help sustain provision and encourage more specialist provision which will contribute towards the Council's aim of protecting and securing placements on Anglesey for Anglesey residents.