

ISLE OF ANGLESEY COUNTY COUNCIL	
COMMITTEE:	EXECUTIVE COMMITTEE
DATE:	18 March, 2013
TITLE OF REPORT:	2013/14 Independent Sector Care Home Fee Levels
PURPOSE OF THE REPORT:	To consider the Fee Levels in respect of 2013/14 (independent sector residential and nursing homes)
REPORT BY:	HEAD OF ADULTS' SERVICES
CORPORATE DIRECTOR:	CORPORATE DIRECTOR – COMMUNITY

A. 2013/14 CARE HOME FEE LEVELS – OLDER PEOPLE

1. Background

1.1 Fee levels in respect of independent sector care homes have historically been reviewed annually by the Local Authority to coincide with Central Government revision of benefit and pension levels which will apply this year from **Monday 8 April, 2013**

1.2 There are three significant issues to take into consideration this year when setting the fee levels for independent sector care homes:-

- The need to demonstrate that we have taken the costs of provision fully into account in determining our standard care fees. This need for transparency has been emphasised over recent years via Judicial Reviews across the Principality (Vale of Glamorgan and Pembrokeshire to cite but two Local Authority areas subjected to such legal challenge). These have decided in favour of the care homes on all occasions.

This demonstration of taking the costs of care provision into account in setting care fees has historically been applied by the Local Authority (since 2005/6) by means of a national toolkit adapted to reflect the profile of the local care home market. We are now of the view that this locally adapted toolkit is losing currency and is now **best achieved by the local application of an evolving regional fees methodology.**

- The current position of the Local Authority and the need to transform and re-model current service responses (our commissioning intentions underpinning our Strategy for Older People) which Elected Members will be au fait with. There is a need to realign activity and spend within Adults' Services to enable more investment in service models to maintain people in their own homes and local communities.
- To ensure that we can maintain the local status quo around third party top ups. On the basis of an historical 3 year fee settlement (commencing back in 2008/09), local providers have not been charging top ups in respect of local authority sponsored users during the past 5 financial years.

2. National Fee Submission – Care Forum Wales

2.1 Care Forum Wales have made a submission, which is attached to this report (Appendix 2). Their national claim is summarized in the table below:-

CARE FORUM WALES FEE SUBMISSION (NATIONAL - BASED ON CURRENT INDUSTRY NORMS): 2013/14

Category of Home	Current Fees £/wk *	Care Forum Wales Claim (2013/14)		Increase £/wk
		Floor £/wk	Ceiling £/wk	
Elderly Residential	437	535	613	98-176
EMI Residential	455/472	551	629	96-174 79-157
Elderly Nursing	583	683	761	100-178
EMI Nursing	632	710	787	78-155

(* includes third party top-up premium of £25 residential / £35 nursing)

The cost of meeting this national fee claim is far beyond the capacity of the Local Authority's budgets for Older People.

The National Claim is based on the Joseph Rowntree toolkit. Care Forum Wales have included in their application of the toolkit allowances to meet the **cost of new pressures** as follows in respect of the coming financial year:-

Inflationary pressures -

- Staff costs – carers, catering, cleaning and laundry staff 1.8%
- Nursing, management and agency costs 1.3%
- Repairs and maintenance 3%
- Other non-staff costs 2.9%

Adjustments to the toolkit model –small items

- Welsh language measures – identified additional local costs
- Pension changes – automatic enrolment for large employers
- New regulation on sprinklers – additional costs for new buildings and conversions.

These adjustments have not been costed in the National claim.

3. Local Application of the Evolving North Wales Methodology

3.1 As previously reported to both the Executive Committee and the former Board of Commissioners, we have endeavoured during the past few years to apply the national Joseph Rowntree toolkit entitled “A Fair Price for Care” locally as a benchmark for fee discussions alongside local market indicators and the Authority’s commissioning strategies. This local application of the national toolkit is now losing currency and is no longer contemporary.

3.2 During 2011/12 and this current financial year, the Authority has been working with the other North Wales Local Authorities and the Health Service (BCUHB) to develop a regional methodology to inform fee setting. This evolving methodology is intended to:

- be underpinned by a transparent process;
- draw upon both national and local data sources;
- reflect the key messages emerging from Judicial Reviews in the Principality over recent years;
- consult with Care Forum Wales as the only available representative organisation for the independent care home sector.

3.3 The evolving methodology has been implemented by Flintshire, Wrexham and Denbighshire to date in order to inform fee setting in respect of the current year (2012/13) as well as the year to come. It is Gwynedd Council’s intention to adopt the methodology to underpin their fee setting from 2014/15.

3.4 Evolving North Wales Methodology

3.4.1 Throughout the development of the methodology, considerable emphasis has been given to improving the quality of care provided to residents of care homes. This has included a critical review of the number of hours required to support residents based on staff rota returns from a number of care homes. This local regional data was compared and contrasted with Care Forum Wales data on staffing hours (which itself was originally drawn from available national toolkits such as that published by Laing and Buisson in 2008).

3.4.2 The methodology takes into account research data provided by Care Forum Wales over the past three years. Some cost components of the Care Forum Wales data have been adjusted to reflect regional conditions. Overall however, the use of the Care Forum Wales data provides additional assurances that care fees will be set on a reasonable basis. Information has also been used from the Joseph Rowntree and Laing and Buisson organisations (both of which are well established and reputable in the field of care fees);

3.4.3 As referred to above, the regional evolving methodology has aimed to address matters arising from the recent Judicial Reviews in South Wales. These conclusions are summarised below:

- properly dealing with matters relating to capital costs and return upon investment;
- failure to use appropriate local data on average number of care hours spent on each resident/week;
- residents requiring nursing care also requiring more non-nursing care;
- need to take into account different sizes of care homes;
- impact of inflation;
- need for the existence of a robust methodology for setting care fee levels;
- evidenced formal consultation with care home owners.

3.4.4 The proposed methodology (APPENDIX 2) breaks down the fee paid per resident/week under three main headings:

- hotel;
- other;
- staff costs.

4.0 Local Market Conditions

4.1 There is an urgent need to revisit the volume and quality of the supply of residential/nursing home care beds both in the public and independent sectors. This needs to be undertaken within the context of a clear commissioning intention of ensuring an appropriate balance in market provision between services to enable individuals to be maintained at home and a range and breadth of quality services to support individuals who require care within residential/nursing settings. Diversification of function/service is another area requiring discussion and consideration with the care home sector.

This market positioning work will be progressed locally over the coming months as we propose to:-

- extend our consultation period in order to ensure full participation and input by individuals communities and key agencies (like Health, Third Sector, Independent Sector) to the process of delivering the Service vision and underpinning work programme in respect of older people.
- Influence to development and diversification of the local care sector market.

5.0 Nursing Home Fees

Nursing care home fees are made up of two components as described below:-

5.1 The Local Authority contribution (referred to as the **social care element**);

5.2 The NHS contribution (referred to as the **NHS Funded Nursing Care Contribution**) which is paid by Betsi Cadwaladr University Health Board.

Historically, the level of the NHS contribution has been set nationally but from April, 2007 discretion was given by the then Welsh Assembly Government to Health Boards to determine the level locally. This discretion has not however hitherto been exercised locally, with the Health Board adhering to the nationally published benchmark. We have not yet been formally notified of the Health Board contribution for 2013/14. The current level is £120.56 / week (2012/13) and will prevail until we are notified otherwise. It is also true to say that the Funded Nursing Care (FNC) component of the nursing home fee has remained at its current level for some years.

Members will recall that we were advised by Health Colleagues in North Wales that the FNC (Funded Nursing Care) element of the nursing home care fee has been subject to a national review by Welsh Government. It is unclear at the time of writing this report whether there will be any movement in the FNC level for 2013/14.

6.0 Additional Funds Available

The following additional funds are available to fund any increase in fee levels in respect of the 2013/14 financial year:-

- Inflation at 2.0% on Local Authority contributions towards the fees – this has been calculated on the basis of the increase in costs shown in the methodology;
- Additional client income (through increase in state benefits/pensions) which equates to £2.70 per person/week
- Health Board contribution to nursing home placements (paragraph 5 above, refer) – level in respect of 2013/14 yet to be confirmed
- Corporate contingency – further funds have been provided by the Authority to bring Anglesey fees into line with the evolving application of the North East Wales fees methodology.

7.0 Local Quality and National Strategic Drivers

- 7.1** We need to make the most effective and efficient use of our purchasing power and role as commissioners of care services in influencing the local care homes market. The Authority has published Quality Standards which need to be met for payment of the full fee. A reduction of £36 / week is otherwise applied.

- 7.2 The key quality principles within the Quality Premium underpin our local response to some major national strategic drivers influencing the delivery of quality social care services for older people-

7.2.1 National Service Framework for Older People

7.2.2 Fulfilled Lives, Supportive Communities – Commissioning Framework Guidance and Good Practice

7.2.3 Dignity in Care Programme for Wales

7.2.4 Sustainable Social Services for Wales: A Framework for Action (National Assembly for Wales)

7.2.5 Residential Care for Older People in Wales (National Assembly for Wales Health and Social Services Committee)

One of the key cross cutting themes in implementing the National Service Framework for Older People is dignity/respect in care. Our local priorities endeavour to reinforce this national priority.

- 7.3 These locally adopted key principles are also endorsed through the medium of recommendations contained within national reports made available in the public domain over recent years. They include-

7.3.1 Care Homes for Older in the UK – A Market Study (Office of Fair Trading, May 2005);

7.3.2 A Fair Contract with Older People? A Special Study of People’s Experiences when Finding a Care Home (Commission for Social Care Inspection, October 2007)

8.0 Fee Proposals

In applying the methodology in respect of 2013/14, the following elements have been included:-

- **Increase in the CRI , minimum wage, general building costs index and the average earnings index for Health and Social Care**
- **a Return upon Capital of 12%.**

Option 1 (National Claim)

Fund the Care Forum Wales Claim in full.

The total cost of meeting this claim would be £7.694m at the floor (20% increase) or £8.697m at the ceiling (40% increase) above the Authority’s care fee level which is approximately £1m and £2m respectively above the Authority’s fees budget.

Comment

The financial implication of this option far exceeds the Local Authority’s ability to fund.

Option 2

Apply the evolving North Wales fees methodology to reflect the four inflation factors (as set out in para 2.1) including a return upon capital of 12% and retaining a third party premium.

Application of this methodology results an overall increase of 4.4% which will be funded from the inflation allocation of 2% included in the budget, together with the further provision of 2.4% (158k) which has been provided Corporately to meet the additional cost of rationalising the 2013/14 fees.

This option is an affordable option for the Authority. The Authority would apply £25 (£35 for Nursing Homes) of this fee as a premium payable on condition that no third party top-up is levied.

This option would continue to honour the principles underpinning the fee agreement secured from April 2008 and with the aim of continuing to positively influence the levying of third party top-ups. It would also enable us to demonstrate and evidence that we have applied a methodology across both nursing and residential care in setting the fee levels in respect of 2013/14.

9.0 Summary of Options

Category of Home	Current Fees £/wk	Option 1 (Claim) £	Option 2 Increase £
Elderly Residential	437	98-176	+14
EMI Residential	455/472	96-174 79-157	+38 +38
Elderly Nursing	583	100-178	+43
EMI Nursing	632	78-155	+18

10.0 Commissioning Considerations

10.1 The funding of Option 1 from Social Services budgets would significantly erode our purchasing budgets in respect of other care services for older people geared at supporting individuals to remain in their own homes (e.g. domiciliary care, day services, community meals, assistive technology etc). Adopting Option 2 is affordable and would maintain the Executive Committee's historical decision of applying a methodology as a benchmark to underpin fee negotiations and fee settlement.

10.2 Response of the Care Homes Sector

Based on the significant work progressed to date across the North East Wales Local Authorities, we have locally approached each individual care provider on the island with a view to advise on the proposals and canvas their opinions. The closing date set for written representations was 06/03/13, but no responses have been received.

B. 2013/14 CARE HOME FEE LEVELS – OTHER CLIENT GROUPS

- 11.** It is proposed that the fees in respect of care homes providing for people with mental health needs, learning disabilities or physical disabilities should be set to retain differentials with reference to fees for older peoples' care homes.
- 12.** It should be noted that these fee levels are subject to negotiations on an individual basis and that the published fee serves as a benchmark which provides for the generality of needs within these client groups. Unfortunately and as previously reported, costs in the Mental Health Sector have increased significantly in recent years and continue to do so. Section 117 Aftercare arrangements apply for the majority of our users with mental illness. These arrangements do not allow the Local Authority to levy a client contribution therefore resulting in the Service absorbing the full cost of such placements.

C. RECOMMENDATIONS

The Executive Committee is requested to:-

- R1** Adopt the evolving North Wales fees methodology as implemented hitherto in Denbighshire, Flintshire and Wrexham to underpin fee setting on the Isle of Anglesey during 2013/14.
- R2** Endorse Option 2 in relation to the 2013/14 fee setting (as detailed in paragraph 8 of this report)
- R3** The established quality elements continue to be subject to a negative fee differential of - £36 /week as at present. This will be the subject of a fundamental review of our quality contract framework during 2013/14 as we prepare for the implementation of a North Wales pre-placement agreement underpinning residential/nursing placements.
- R4** Current practice for Service user groups other than older people be maintained as outlined in paragraphs 11 and 12;

BACKGROUND PAPERS:

Fulfilled Lives, Supportive Communities – Commissioning Framework Guidance and Good Practice (Welsh Government)

Sustainable Social Services for Wales: A Framework for Action (Welsh Government)

National Service Framework for Older People (Welsh Government)

Version 13 -15/01/13 INDICATIVE FEES			APPENDIX 1
The figures below do not include FNC elements.			
	Per service user per week	Basis 2013/14	Indicative Fee 2013/14
INDIRECT COSTS			
		C.P.I. is 2.2% as at 30/9/12	
Utilities	£24.73	2012/13 plus 9%	26.95
Electric			
Gas			
TV License			
Council Tax			
Water			
Telephone			
Registration (Professional Membership, CRBs etc)	£1.17	CFW plus 2.2%	1.19
Recruitment	£2.25	CFW plus 2.2%	2.29
Contract maintenance of equipment	£3.25	CFW plus 2.2%	3.32
Maintenance of capital equipment	£19.93	CFW plus 2.2%	20.37
Gardener /handyman	£7.47	1.8% Inflation	7.60
Furniture/Fittings including repairs and renewals	£6.31	New CFW figure	12.29
Training	£2.23	CFW plus 2.2%	2.28
Non prescription medical supplies	£3.37	CFW plus 2.2%	3.44
Insurance	£5.62	CFW plus 2.2%	5.74
Groceries & household provisions	£25.85	CFW plus 2.5%	26.5
Total Indirect Costs	£102.18		£111.97
Other Costs -standard for all categories of care			
Return on Investment	£97.79	No uplift based on information from valuation	97.79
Additional Expenses (not covered elsewhere)	£6.47	New CFW figure	16.72
Sub Total	£104.26		114.51
RESIDENTIAL STAFF COSTS			
Management /Admin	£13.15	Based on CFW submission plus inflation	45.00
Registered Manager Costs	£44.51	(/included in the above figure)	
Care Staff	£141.01	1.8% - based on CFW	143.55
Domestic Staff (cleaning and laundry)	£34.85	1.8% - based on CFW	35.48
Sub Total	£233.52		£224.03
TOTAL 'BASIC' RESIDENTIAL / VDE	£439.96		£450.51
EMI RESIDENTIAL			
Local/Central admin costs (e.g. office rent)	£13.15	Based on CFW submission plus inflation	45.00
Registered Manager Costs	£44.51	(/included in the above figure)	
Care Staff	£182.96	1.8% - based on CFW	186.26
Domestic Staff (cleaning and laundry)	£34.85	1.8% - based on CFW	35.48
Sub total	£275.47		£266.74
TOTAL EMI RESIDENTIAL	£481.91		£493.22
NURSING			
Local/Central admin costs (e.g. office rent)	£13.15	Based on CFW submission plus inflation	45.00
Registered Manager Costs	£44.51	(/included in the above figure)	
Care Staff	£195.22	1.8% - based on CFW	198.74
Domestic Staff (cleaning and laundry)	£34.85	1.8% - based on CFW	35.48
Sub total	£287.73		£279.22
TOTAL NURSING	£494.17		£505.70
EMI NURSING			
Local/Central admin costs (e.g. office rent)	£13.15	Based on CFW submission plus inflation	45.00
Registered Manager Costs	£44.51	(/included in the above figure)	
Care Staff	£218.79	1.8% - based on CFW	222.73
Domestic Staff (cleaning and laundry)	£34.85	1.8% - based on CFW	35.48
Sub total	£311.30		£303.21
TOTAL EMI NURSING	£517.74		£529.69



Care Home Fees 2013/14

Care Forum Wales represents over 400 residential and nursing care homes in Wales. As you are considering your budget for 2013/4 we are writing setting out the pressures and costs on care homes for you to consider in your fee setting process.

We would remind you of the framework in which you make these decisions:

- The Fulfilled Lives, Supportive Communities Commissioning Framework and Guidance <http://wales.gov.uk/topics/health/publications/socialcare/circular/commissioningguidance/?lang=en>. We would particularly draw your attention to Standard 10: “Commissioners have understood the costs of directly provided and contracted social care services and have acted in a way to promote service sustainability.”
- The Guidance also requires in standard 4 the importance of working in partnership with others including providers: “Commissioning plans have been developed with partners and have involved all key stakeholders including users, carers, citizens and service providers in the statutory, private and third sector.”
- The Memorandum of Understanding *Securing Stronger Partnerships in Care* <http://www.wlga.gov.uk/english/health-social-services-publications/securing-strong-partnerships-in-care/> also says: “Rational fee-setting is vital to the sustainability and quality of care provision, and to the capacity of the Council to meet its full range of responsibilities and a wide range of needs, as well as to fix an acceptable level of Council Tax. It is essential that the specific issue of fee-setting is on the agenda for those regular local discussions between Council commissioners and independent providers of social care.”

As you will know there have also been a number of judicial reviews over care homes in both Wales and England. Resorting to legal action is never any care homes preferred action and we are sure that you will make appropriate efforts to consult and understand providers’ legitimate and future costs and act rationally so that such action is not necessary.

New pressures on care home costs

In this section we will cover:

- Inflationary pressures
- Adjustments to the toolkit model
- Welsh language measure
- Pension changes
- New regulations on sprinklers

Inflationary pressures

The costs that contribute to our calculation of care fees split into four categories:

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- Staff costs:
 - Rates for carers, catering, cleaning and laundry staff are increased by 1.8% to mirror the minimum wage increase in October 2012
 - Nursing, management and agency costs are increased by 1.3% to reflect the average weekly earnings index for health and social care work increased 1.3% July 2011-12
- Repairs and maintenance – these areas have been increased by 3% in line with the Building Costs Index in the 12 months to the end of second quarter of 2012
- Other non-staff current costs the main ones of which are food and utilities have been increased by RPI which was 2.9% in the % in 12 months to August 2012. This is in line with previous years. However, it should be noted that the two major items contributing to care home costs are food and fuel. While food and non-alcoholic beverage inflation was only 2.5%, the inflation index for electricity, gas and other fuels over the same period was 10.2% meaning it is likely that care home inflation overall is significantly higher than 2.9%
- Capital costs where the land element has remained the same but the buildings costs have been inflated by the Building Costs Index which is 3% as above.

Adjustments to the toolkit model

The only adjustment undertaken this year relates to the line other non-staff current expenses. Although taken from the Laing & Buisson toolkit, the vagueness of this line had caused a lack of clarity with both commissioners and providers. Laing & Buisson simply state that this covers a range of small items, but not all corporate groups classify cost heads in the same way. We have reverted to the description used in 2002 that this line covers waste disposal, uniforms, linen & crockery, stationery and publications, motor & travel, subscriptions, sundry other items. Inflating the historic data on this gives us a figure of £17.42 which is more in line with care homes reported budgets.

The Welsh Language Measure

Care Forum Wales fully supports the rights of those receiving social care to communicate through their language of choice. Moreover, we appreciate that the vulnerable people for whom our members care can communicate their needs better in their first language and that this facility enhances their wellbeing. At the time of writing we remain unclear exactly what will be required of our members following consultation on implementation of the Welsh Language Measure. This and the variation in current requirements by different local authorities makes it difficult to cost accurately. However, we would ask that you assess your current requirements in line with the Welsh Language Measure and consider what, if any, additional costs you believe it will impose.

Pension changes

Automatic enrolment into a pension scheme for staff aged 16-74 who an employer deducts tax and NI for is being introduced from 1 October 2012 for employers with 120,000 staff or more. During



the 2013/14 financial year all employers with 250+ employees are being required to roll out the scheme and smaller employers are being to put systems in place in anticipation. We would therefore ask that consideration is given as to how this change will be taken into account in fee setting.

New regulations on sprinklers

While we are still in discussions with Welsh Government about the implementation of the new regulations on sprinklers they will come in in September 2013 which it seems will apply to any new builds or conversions. The cost of installing sprinklers is likely to be at least £3000 for each premises and potentially more as Dŵr Cymru tell us that across Wales water pressure is likely to be non-compliant 47% of the time and pumps may be needed as well.

Laing & Buisson with adaptations

Our recommendation remains that local authorities set fees using the Laing & Buisson toolkit commissioned by the Welsh Local Government Association, but take into account the changes in regulation since that was published in 2004, including modifications made by William Laing to the toolkit he produced in 2008 for England, which equally apply to Wales. We would also urge you to take into account local costs and circumstances as recommended by William Laing. In particular local land and building costs and staff wages and ratios are likely to vary. William Laing also found a significant increase in dependency between 2004 and 2008 which necessitated increased care hours per resident per week and has found a further increase in dependency in England in his new report for 2012. We believe this mirrors the situation in Wales and evidence from our members suggests this increase has continued. As thresholds for entering a care home increase, then increases in overall dependency levels are inevitable and this will require more care hours per resident to be paid for. Increased dependency also means that residents are likely to be in the care home for a shorter length of time which effects turnover and occupancy rate, again leading to increased costs. You will recall that in the judgement on the first Pembrokeshire judicial review case the judge declared that failing to take into account local staffing factors was an error in law. The Laing toolkit also uses as its basis larger homes. For most authorities in Wales the rural nature means that smaller local homes are required and costs may need to be factored up accordingly. We are happy to advise further on all these matters. We would also encourage your local authority to use a quality threshold within the fees, as recommended by William Laing, to incentivise meeting the National Minimum Standards for new care homes from 2002.

Care Forum Wales indicative fees and inflationary factors

With the provisos that local factors should be taken into account our inflating of the toolkit indicates fees should be in the region of:

Residential £535-613



EMI residential	£551-629
Nursing	£683 - 761
EMI nursing	£710-787

The full breakdown of costs contributing to these fees is supplied as an appendix.

Living wage

These costs are also based on existing staff terms of conditions. Our members would like to be able to offer improved staff terms and conditions to aid retention and increase staff morale. However, they recognise that in current economic circumstances local authorities may have some resistance to increasing fees to a level to allow for this. However, we know that some local authorities are considering implementing the living wage, and would urge those that do so not to forget the care staff in the organisations they are commissioning care from.

NHS contribution

We are aware that many within local government share our concern about the freeze of the nursing contribution from the NHS. However, we would remind you that Paragraph 37 of the *NAFWC 25/2004 NHS Funded Nursing Care in Care Homes - Guidance 2004* deals with the determination of the total amount to be paid for NHS Funded Nursing Care it clearly identifies that there should be no gap between local authority and NHS provision.

“37. Providers, local authorities and Local Health Boards will need to agree a total funding package that takes into account the NHS contribution. When making arrangements for residential care for an individual under the National Assistance Act 1948, local authorities are responsible for the remaining costs of accommodation and personal care. There should be no gap between local authority and NHS provision.”

EMH provision

We hear in many areas that commissioning plans identify a need for more EMH provision, but existing providers are often loath to move into EMH as they believe the increased fees paid do not reflect the increased costs. Laing allows for higher staff costs for EMH, but not for higher repairs and maintenance costs. Because of the nature of the client base we believe that unless high repairs and maintenance costs are paid it may be difficult to attract new entrants into this sector of the market. Whatever CSSIW decides on in the future regarding registration categories for EMH we believe there is an increased cost, both in terms of staffing and also repairs and maintenance costs for EMH residents, which needs to be included in fee calculations.



A sustainable social care sector

We recognise, of course, that this is a difficult time for local authority budgets, but in the care sector there is no fat to trim. Anything other than an increase to meet an increase in costs will hurt the vulnerable people we care for. Our members are getting increasing financial pressure from lenders, some of whom require a home to be profitable at 85% occupancy. Everyone wants to see a sustainable care sector for the point of view of residents and your commissioning plan no doubt requires one. As you will be aware the majority of care homes in Wales are SMEs and we hope your Commissioning Strategy will also take into account the effect on the Welsh pound and economic development within your area of how you commission your care provision. We are of course very happy to work with you in terms of identifying potential efficiency savings in the care sector.

Local determination

We are pleased that local government in Wales has signed up to the Memorandum of Understanding and look forward to working with you in the partnership approach set out there to ensure that we can meet the needs of those who need care in your area most appropriately.

We are concerned that we are seeing an increasing development by individual local authorities of their own questionnaires to local care homes to set fees. While we agree that it is important to take into account local factors we are concerned by the cost and complexity of some of these questionnaires and the fact that they often fail to take into account some items of legitimate expenditure. Questionnaires should be in a format that is easy for care providers to complete and it is important to consult with ourselves and local provider forums before issuing them. We are particularly concerned that capital costs are often not properly accounted for. In particular, capital costs should include the costs of the building, capital equipment and any equity capital contributed by the owner, as they are foregoing income by not using that capital elsewhere. There should also be a reasonable return on investment or profit to account for setting up and maintaining the business.

It should be emphasised the principles set out here and the importance of transparency and consultation in decision making also apply to domiciliary care provision and to care home provision for children and younger adults. Do not hesitate to contact me if you would like to discuss any of this further.

With all best wishes

Mary Wimbury
Senior Policy Adviser
Care Forum Wales

Care Forum Wales Toolkit Calculations 2013/14

PERSONAL CARE FOR FRAIL ELDERLY PEOPLE	£ per resident per week, 2013/14
Cost heads	
A) STAFF, INCLUDING EMPLOYERS' ON-COSTS	
Qualified nurse staff cost per resident (excludes supernumerary managers)	0
Care assistant staff cost per resident (including activities)	184
Catering, cleaning and laundry staff cost per resident	35
Management / administration / reception staff cost per resident	75
	0
Agency staff allowance - nurses	0
Agency staff allowance - care assistants	3
Training backfill	4
Total staff	£301
B) REPAIRS AND MAINTENANCE	
Maintenance capital expenditure	20
Repairs and maintenance (revenue costs)	12
Contract maintenance of equipment	3
Total repairs and maintenance	£36
C) OTHER NON-STAFF CURRENT COSTS AT HOME LEVEL	
Food	27
Utilities (gas, oil, electricity, water, telephone)	25
Handyman and gardening (on contract)	8
Insurance	6
Medical supplies (including medical equipment rental)	3
Registration fees (including CRB checks)	1
Recruitment	2
Direct training expenses (fees, facilities, travel and materials) net of grants and subsidies	2
Continence products	0
Other non-staff current expenses	17
Total non-staff current expenses	£92
D) CAPITAL COSTS (12% Return on Capital)	
Land	£31
Buildings and equipment meeting national minimum physical standards for new homes, extensions and 1st registrations since April 2002	£152
Total capital costs	£183
Fair price for homes meeting all standards for 'new' homes in National Minimum Standards for Care Homes for Older People (Revised - March 2004)	£613
Maximum capital cost adjustment factor for homes not meeting physical standards for 'new' homes	-£78
Fair price for homes which do not exceed the physical standards for 'existing' homes in National Minimum Standards for Care Homes for Older People (Revised - March 2004)	£535

PLEASE NOTE THESE FIGURES ARE INDICATIVE AND MAY NOT REFLECT LOCAL COSTS

Sum of constituent figures and totals may also vary due to roundings.

<u>PERSONAL CARE FOR PEOPLE WITH DEMENTIA</u>	£ per resident per week, 2013/14
Cost heads	
A) STAFF, INCLUDING EMPLOYERS' ON-COSTS	
Qualified nurse staff cost per resident (excludes supernumerary managers)	0
Care assistant staff cost per resident (including activities)	200
Catering, cleaning and laundry staff cost per resident	35
Management / administration / reception staff cost per resident	75
Agency staff allowance - nurses	0
Agency staff allowance - care assistants	3
Training backfill	5
Total staff	£317
B) REPAIRS AND MAINTENANCE	
Maintenance capital expenditure	20
Repairs and maintenance (revenue costs)	12
Contract maintenance of equipment	3
Total repairs and maintenance	£36
C) OTHER NON-STAFF CURRENT COSTS AT HOME LEVEL	
Food	27
Utilities (gas, oil, electricity, water, telephone)	25
Handyman and gardening (on contract)	8
Insurance	6
Medical supplies (including medical equipment rental)	3
Registration fees (including CRB checks)	1
Recruitment	2
Direct training expenses (fees, facilities, travel and materials) net of grants and subsidies	2
Continence products	0
Other non-staff current expenses	17
Total non-staff current expenses	£92
D) CAPITAL COSTS (12% Return on Capital)	
Land	£31
Buildings and equipment meeting national minimum physical standards for new homes, extensions and 1st registrations since April 2002	£152
Total capital costs	£183
Fair price for homes meeting all standards for 'new' homes in National Minimum Standards for Care Homes for Older People (Revised - March 2004)	£629
Maximum capital cost adjustment factor for homes not meeting physical standards for 'new' homes	-£78
Fair price for homes which do not exceed the physical standards for 'existing' homes in National Minimum Standards for Care Homes for Older People (Revised - March 2004)	£551

PLEASE NOTE THESE FIGURES ARE INDICATIVE AND MAY NOT REFLECT LOCAL COSTS

Sum of constituent figures and totals may also vary due to roundings.

NURSING CARE FOR FRAIL ELDERLY PEOPLE	£ per resident per week, 2013/14
Cost heads	
A) STAFF, INCLUDING EMPLOYERS' ON-COSTS	
Qualified nurse staff cost per resident (excludes supernumerary managers)	127
Care assistant staff cost per resident (including activities)	218
Catering, cleaning and laundry staff cost per resident	35
Management / administration / reception staff cost per resident	45
Agency staff allowance - nurses	3
Agency staff allowance - care assistants	3
Training backfill	8
Total staff	£440
B) REPAIRS AND MAINTENANCE	
Maintenance capital expenditure	20
Repairs and maintenance (revenue costs)	12
Contract maintenance of equipment	3
Total repairs and maintenance	£36
Food	27
Utilities (gas, oil, electricity, water, telephone)	25
Handyman and gardening (on contract)	8
Insurance	6
Medical supplies (including medical equipment rental)	3
Registration fees (including CRB checks)	1
Recruitment	2
Direct training expenses (fees, facilities, travel and materials) net of grants and subsidies	2
Continence products	10
Other non-staff current expenses	17
Total non-staff current expenses	£102
D) CAPITAL COSTS (12% Return on Capital)	
Land	£31
Buildings and equipment meeting national minimum physical standards for new homes, extensions and 1st registrations since April 2002	£152
Total capital costs	£183
Fair price for homes meeting all standards for 'new' homes in National Minimum Standards for Care Homes for Older People (Revised - March 2004)	£761
Maximum capital cost adjustment factor for homes not meeting physical standards for 'new' homes	-£78
Fair price for homes which do not exceed the physical standards for 'existing' homes in National Minimum Standards for Care Homes for Older People (Revised - March 2004)	£683

PLEASE NOTE THESE FIGURES ARE INDICATIVE AND MAY NOT REFLECT LOCAL COSTS

Sum of constituent figures and totals may also vary due to roundings.

<u>NURSING CARE FOR PEOPLE WITH DEMENTIA</u>	£ per resident per week, 2013/14
Cost heads	
A) STAFF, INCLUDING EMPLOYERS' ON-COSTS	
Qualified nurse staff cost per resident (excludes supernumerary managers)	127
Care assistant staff cost per resident (including activities)	244
Catering, cleaning and laundry staff cost per resident	35
Management / administration / reception staff cost per resident	45
Agency staff allowance - nurses	3
Agency staff allowance - care assistants	3
Training backfill	8
Total staff	£466
B) REPAIRS AND MAINTENANCE	
Maintenance capital expenditure	20
Repairs and maintenance (revenue costs)	12
Contract maintenance of equipment	3
Total repairs and maintenance	£36
C) OTHER NON-STAFF CURRENT COSTS AT HOME LEVEL	
Food	27
Utilities (gas, oil, electricity, water, telephone)	25
Handyman and gardening (on contract)	8
Insurance	6
Medical supplies (including medical equipment rental)	3
Registration fees (including CRB checks)	1
Recruitment	2
Direct training expenses (fees, facilities, travel and materials) net of grants and subsidies	2
Continence products	10
Other non-staff current expenses	17
Total non-staff current expenses	£102
D) CAPITAL COSTS (12% Return on Capital)	
Land	£31
Buildings and equipment meeting national minimum physical standards for new homes, extensions and 1st registrations since April 2002	£152
Total capital costs	£183
Fair price for homes meeting all standards for 'new' homes in National Minimum Standards for Care Homes for Older People (Revised - March 2004)	£788
Maximum capital cost adjustment factor for homes not meeting physical standards for 'new' homes	-£78
Fair price for homes which do not exceed the physical standards for 'existing' homes in National Minimum Standards for Care Homes for Older People (Revised - March 2004)	£710

PLEASE NOTE THESE FIGURES ARE INDICATIVE AND MAY NOT REFLECT LOCAL COSTS

Sum of constituent figures and totals may also vary due to roundings.