

CYNGOR GWYNEDD CABINET

Date of meeting	28 June 2022
Cabinet member	Councillor Dilwyn Morgan
Contact officer	Alun Gwilym Williams, Senior Business Manager
Title of report	Residential and Nursing Fees 2022/23

1. The decision sought

To increase the Gwynedd residential and nursing standard fee for the 2022/23 financial year. The recommendation is to set fees in accordance with Option B in the report, and to implement them in accordance with the Council's terms and conditions.

2. Previous decision

- 2.1 The Council sets the standard fees which are paid to Gwynedd private residential and nursing homes. There is a different fee for four different types of care (Residential, Residential EMI i.e. older people with memory problems, Nursing and Nursing EMI). The fees are recommended following regional discussions with other north Wales local authorities as well as Betsi Cadwaladr University Health Board. Some providers contribute to this work so that we can gain a better understanding of the true cost of residential and nursing care.
- 2.2 Parts 4 and 5 of the Code of Practice (Charging and Financial Assessment) which have been set in accordance with the Social Services and Well being Act (Wales) 2014 state that local authorities must give regard to the cost of good quality care when meeting the needs of individuals in order to ensure that the care placement can meet their needs. It is on this basis that the standard fee is set.
- 2.3 At the Cabinet meeting on 8 March 2022, the Gwynedd standard residential and nursing fees for 2022/23 were approved as follows:

2022/23 fee	£ weekly	Increase on 2021/22 fee
Residential	627	7%
Residential EMI	695	6.76%
Nursing	731*	6.87%
Nursing EMI	774*	7.2%

*does not include the Health Board contribution to nursing costs

- 2.4 As part of the decision, the Cabinet asked Council Officers to assess the possibility of increasing the standard fees further for 2022/23, by considering the affordability and sustainability of paying increased fees to support the sector.

3 Background

- 3.1 The sustainability of the care sector is one of the main risks of the care sector, and this has been included on the department's risk register. One of the most important factors in order to respond to the risk is to ensure that the fees that the Council set promote and sustain a stable and sustainable care market.
- 3.2 A number of elements were fed into the original fees for 2022/23:
- CPI inflation levels (*Consumer Price Index*) at the time, which have increased considerably in the meantime
 - The need to pay the Real Living Wage to all care workers
 - An increase in the residential and nursing insurance policy costs
 - Information from a regional questionnaire for providers
 - Regional work on the 'Laing & Buisson' model (a national model which attempts to standardise the true cost of residential and nursing care)
 - Standard ROI (*Return On Investment*) of 10% across each category of care
- 3.3 Although fees are set using a regional model/framework, the model can be interpreted differently, and make local adaptations. Although the standard fees of the north Wales local authorities are relatively similar, there were small differences between everyone's fees for 2022/23.
- 3.4 The Council's settlement from Government was higher for 2022/23, where Gwynedd received a settlement of 8.8%. A sum was also received from Welsh Government to enable the Council and providers to pay the Real Living Wage to care staff. The Gwynedd settlement sum will return to lower levels following 2022/23, with an increase of 3.5% for 2023/24 and 2.4% for 2024/25. There is an opportunity this year (2022/23) to respond to the challenge which is facing us by offering fees which convey the real cost of quality care for providers.
- 3.5 There has been some attention and criticism in the media to north Wales fee levels in comparison with fees which are set by local authorities in the south. Gwynedd fee levels and those of the remainder of the councils in the north are currently amongst the lowest in Wales.

4 Update/Options

- 4.1 Following setting the above standard fees, a message was sent out on 14 March 2022 informing private residential and nursing providers of the Gwynedd standard fees for 2022/23. It was clearly noted in this message that further work needed to be carried out in Gwynedd to look at the possibility of payment of a higher standard fee. It was noted that a report needed to come back to the Cabinet after the relevant officers had had an opportunity to assess the affordability and sustainability of paying higher fees.

- 4.2 £1.6m was allocated for the possibility of increasing the Gwynedd standard Residential and Nursing fees further for 2022/23, and the possibility of backdating the fees to 1/4/22. This is the option which was considered at the time, Option A:

Option A 2022/23	£ weekly	Increase on 2021/22 fee
Residential	671	14.5%
Residential EMI	768	18%
Nursing	756*	10.5%
Nursing EMI	880*	21.9%

- 4.3 An analysis demonstrated that it would be sustainable and affordable to commit up to £1.6m to increase Gwynedd residential and nursing fees. An analysis of the sustainability of the proposals and their affordability is enclosed in **Appendix A**.
- 4.4 Having considered the elements noted in 3.2 above, it was also confirmed that this sum would ensure that we fund the true costs of care.
- 4.5 Since the standard fees were set for 2022/23 on 8 March 2022, it has become even more apparent that nursing/dementia placements are scarce in Gwynedd. This deficit is reflected in the fees which are demanded by some of the nursing/dementia providers. There is a sufficient supply of residential placements, but a lack of nursing and dementia placements. The recommendation therefore is to increase all fees but to prioritise the nursing and dementia fees for a higher increase in order to sustain the market. These are the fees which are being recommended (Option B):

Option B 2022/23	£ weekly	Increase on 2021/22 fee
Residential	645	10%
Residential EMI	780	19.8%
Nursing	800*	17%
Nursing EMI	900*	24.7%

- 4.6 The situation currently facing the Department regarding the sustainability and affordability of residential and nursing care makes the discussion regarding 'purchasing or providing' a priority. It is necessary to look at what services we can offer internally, e.g. is it possible to expand our dementia care, and whether providing nursing care internally is an option. A further report will be submitted to the Cabinet over the coming weeks on this matter specifically.

5 Summary

To summarise, if we are to increase the standard Gwynedd residential and nursing fees from 1 April 2022 in order to sustain the market, two options are available for the Cabinet to reach a decision:

	Option A £ per week	Option B £ per week
Residential	£671	£645
Residential EMI	£768	£780
Nursing	£756*	£800*
Nursing EMI	£880*	£900*

*does not include the Health Board contribution towards nursing costs

Option A – Affordable and sustainable within the £1.6m which has been earmarked, and although it funds the real costs of care, it would not be sustainable in order to address the demand for nursing and dementia care.

Option B – Affordable within the £1.6m which has been earmarked, and more sustainable in order to address the demand for nursing and dementia care. The fee would fund the real costs of care.

6 Implications/Risks

- 6.1 We will be stepping away from the north Wales standard fees. Considering that each area's fees is now different in any case, and that councils adapt the results of the model on a local level, there is a question mark over the future of the regional process in any case. Some other councils in north Wales have already noted that they are reviewing their fees as a result of the increase in costs and the pressures across the sector.
- 6.2 The main risk at this time is that the adults team is not in a situation to commission new placements with some providers as they refuse the Council's standard fees. In the meantime, individuals are waiting to be discharged from hospital/move from unsustainable circumstances at home, and there is a danger that we will not address the needs of adults in some circumstances if the situation continues. Increasing the fees will result in re opening discussions with these providers, hoping to re start commissioning placements at once.
- 6.3 Reaching a current agreement on the new fees with our Providers would place us on a sound legal basis for the future.

- 6.4 A number of individuals/families have historically been paying 'top ups' in addition to Council fees, in order to ensure placements for family members in homes which claim that they offer 'specialist' services over and above the standard care. There is a question mark over the propriety of this 'top up' in some cases, and setting higher fees will enable us to begin a process of bringing and end to these 'top ups' in as many placements as possible, as a condition of paying the new fees.
- 6.5 Adults' contributions to their care have been assessed since 1/4/22. It will not be possible to claim additional income from individuals back to 1/4/22 in order to align with fees, therefore in increasing fees, there will be a 'one off' cost of £12k, and it will be necessary to identify this sum from the Department's budgets.

7.0 Any consultations held prior to recommending the decision

The recommendation is based on work carried out regionally in consultation with the care sector.

8.0 Statutory duties

- 8.1 The Council is subject to public sector duties under the Equalities Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties Councils must, in making decisions, have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics and having due regard to the socio-economic duty under Section 1 of the Act. An equalities impact assessment has been prepared and is appended at Appendix B. The Cabinet will need to have regard to its findings when coming to a decision. The assessment does not identify a particular impact stemming from the decision.
- 8.2 The Well-Being of Future Generations (Wales) Act 2015 is about improving the social, economic, environmental and cultural well-being of Wales. The Act places a 'well being duty' on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language and is globally responsible. The recommendations have been prepared having regard to the requirements of the Act.

Monitoring Officer:

A recommendation is proposed in the report for setting the standard fee for 2022/23 which is based on specific factors which have been explained and evaluated. This therefore sets a fee which is an increase on a logical basis. The report states the reasons for the recommendation.

Head of Finance:

In setting the budget for 2022/23 in the meeting of the Full Council on 3 March 2022, a prudent amount was set aside to ensure that resources were available to fund the increases in the fees. It was made clear at that time that an opportunity was needed to consider all the implications for service users, providers and other stakeholders before reaching a final conclusion on the fees for the year. Following this exercise, I consider Option B to be affordable and sustainable, with information on the financial affordability considerations prepared by Finance officers included in Appendix A of the report. I have assisted the author of the report with the financial information and am satisfied with its accuracy.