

GWYNEDD COUNCIL CABINET



A Report to a meeting of the Gwynedd Council Cabinet

Date of meeting: 08 March 2022
Cabinet Member: Councillor Dafydd Meurig
Contact Officer: Aled Davies
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Title of Item: Residential and Nursing Homes Fees for 2022/23

1. THE DECISION SOUGHT

1. To agree upon the standard fees for independent residential and nursing homes for 2022/23, and implement them in accordance with the Council's terms and conditions on the following levels:

<i>Residential</i>	£627
<i>Residential EMI</i>	£695
<i>Nursing</i>	£731
<i>Nursing EMI</i>	£774

2. Request a further report on the matter in order to consider the appropriateness of a review on the fee levels for the year.

2. THE REASON FOR THE NEED FOR A DECISION

The Council sets an annual fee for placements in care homes (residential and nursing) within the private sector.

The Council needs to set a fee before April 2022 in order to allow for implementation. For 2022/23, there is an opportunity for the Council to consider the possibility of a higher fee for staff levels, as well as annual inflation costs; however, further work will need to be carried out on the financial aspects of this before being able to reach a decision.

3. BACKGROUND

- 3.1 The sustainability of the care market is one of the main risks within the care field and members will be aware that this is included on the Council's Risk Register. One of the most important factors in terms of attempting to respond to the risk of market stability and sustainability, particularly in relation to nursing homes and dementia homes, is ensuring that the fees set by the Council allow these homes to be financially viable, which in turn allows the homes to pay staff a fair wage for their work and, indeed, provide quality care for our residents.
- 3.2 This year, the settlement that the Council has received from the Government has been higher than what we have received for many years. Although it is insufficient to respond to all demands on services and from Gwynedd residents, it is an opportunity to provide a more comprehensive response to the demands within the care market, compared to what has been possible in the past.
- 3.3 Following a recent statement from Welsh Government on paying the Real Living Wage to care staff from April onwards, the Council has received a financial sum within the settlement in order for this to be reflected within provider fees.
- 3.4 In terms of the process of establishing the fees, the Council is participating in a regional process, which assesses the costs of maintaining a quality service, based on considerations such as:
- a) Salary / pay
 - b) The Staffing Levels required in order to respond to residents' needs - a questionnaire and the Laing & Buisson model are used
 - c) Inflation (Consumer Price Index [CPI] / Retail Price Index [RPI])
 - d) Insurance payments
- 3.5 The above-mentioned work has been completed again this year. The north Wales region has set up a task group, and one of the recent exercises that have been carried out is to compare our current standard fees with what is being suggested by the 'Laing & Buisson Toolkit'. The financial difference for each of the 4 care categories we have is substantial. Work has also been carried out to gather evidence and hold discussions with the local providers, and this needs to be developed further over the coming weeks. We will need an opportunity to consider all implications for service users, providers and other stakeholders before coming to a final conclusion on the fees for the coming year.
- 3.6 The intention is for the six counties to seek to agree on the same option, in order to obtain regional consistency. However, counties may choose a different option, subject to the affordability of different options for them.
- 3.7 We are aware that the settlement level for the next two years, after 2022/23, will return to the usual levels; however, this year we have an opportunity to try to respond to the

increase in fees that is needed to fully reflect the costs of running care homes to the expected standard, but in order to reach that conclusion, thorough financial work on affordability needs to take place.

- 3.8 The sum is an estimate of the additional cost we would need as an authority should we increase our standard fees to the levels suggested by the latest 'Toolkit' and the evidence from our local providers. The estimate also considers the income being collected from individuals who are able to contribute / pay for their care.
- 3.9 See below the tables that note the options in relation to a weekly fee per bed:

	2021/22	2022/23		
	Fee	Option 1	Option 2	Option 3
Residential	£586	£615	£627	£671
Residential EMI	£651	£681	£695	£768
Nursing	£684	£716	£731	£756
Nursing EMI	£722	£757	£774	£880

Option 1	National Living Wage, CPI and no changes in staffing levels
Option 2	Real Living Wage, CPI, 10% insurance, and no changes in staffing levels
Option 3	Real Living Wage, CPI, 10% insurance, increase staffing levels by taking the average from the questionnaire feedback and the findings of the Laing& Buisson toolkit

- 3.10 The department's preferred option is option 3; however, more time is needed in order to ensure that we are aware of all implications of increasing the fees to be in-keeping with option 3, including ensuring that this option is affordable, not only for this year, but for future financial years.
- 3.11 As more time is needed to complete a full assessment, the department is asking the members to agree to Option 2 above which would enable the providers to have a fee which will allow them to pay the Real Living Wage and deal with inflation matters, while the Council looks at the affordability of option 3.
- 3.12 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 1. 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.

- 3.13 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.

4. THE RATIONALE AND JUSTIFICATION FOR RECOMMENDING THE DECISION

- 4.1 The Department favours an option that reflects option 3, but due to the financial implications of this option, detailed work needs to be undertaken on the long-term implications and affordability. It is not possible to delay setting a fee for 2022/23 as providers and the Council as a commissioner need a fee in order to implement placement arrangements.
- 4.2 In announcing the draft 2022/23 settlement in December 2021, Welsh Government has confirmed that Welsh Local Authorities will generally receive +3.5% in 2023/24 followed by +2.4% in 2024/25.
- 4.3 This means that the increase in Government grant for the following two years will be significantly less than what we will receive in 2022/23, and this is the context in which the long-term sustainability of any financial commitments must be weighed up.
- 4.4 Consequently, it is suggested that a fee at the level of option 2 is agreed for the time being in order to be able to operate from April 2022 onwards. The recommended fee ensures that providers are able to pay a Real Living Wage to their staff, as well as cope with inflation.
- 4.5 Once further financial work has been completed, a further report will be presented to the Cabinet, after the election period, in order to reach a decision as to whether the Council can increase the fee for 2022/23 to the Option 3 level.

5. NEXT STEPS AND TIMETABLE

Subject to the decision made today, the fee will be set and communicated with providers for payments from April 2022 onwards.

Further work will be carried out on the financial affordability of Option 3.

A further report will be presented to the Cabinet in June/July 2022 in order to consider increasing the fee for 2022/23 further.

6. ANY CONSULTATIONS UNDERTAKEN PRIOR TO RECOMMENDING THE DECISION

i) Monitoring Officer:

A recommendation is proposed in the report to set a Standard fee for 2022/23 based on particular factors which are explained and assessed. It therefore sets a fee on a reasoned basis. The acceptance in the report that there may be room to further review following completion of additional work reflects the challenge of setting and financing a Standard fee. The report states the reasons for this recommendation.

ii) Head of Finance:

The Council, in setting the budget for 2022/23 at its meeting on 3 March, will have considered recommendations for ways of dealing with financial pressures on services in the new financial year and subsequent years. As part of this procedure, there was a recommendation to set aside a prudent amount so that resources were available to fund Option 3 should Cabinet decide that it favoured this option. It was made clear then that we will need an opportunity to consider all the implications for service users, providers and other stakeholders before reaching a final conclusion on the fees for the coming year.

However, the setting of fees must be determined before the start of the new financial year, so the decision sought is appropriate, and Finance officers have had detailed input into the calculation of the unit costs. I consider Option 2 to be affordable and sustainable. While Option 3 is also affordable for 2022/23, detailed consideration will be required whether these fees are sustainable in the longer term, or if setting Option 3 for 2022/23 and beyond would require more significant savings in other areas of expenditure in subsequent years.