



CABINET - 27TH JULY 2022

SUBJECT: ADDITIONAL FEE INCREASE FOR SMALL RESIDENTIAL HOME PROVIDERS FOR 2022/23

REPORT BY: CORPORATE DIRECTOR FOR SOCIAL SERVICES AND HOUSING

1. PURPOSE OF REPORT

1.1 The report explains the request to increase the 5% uplift in fees agreed for 2022/23 to 10% for the providers of small home residential services in the Caerphilly Borough

2. SUMMARY

2.1 The report seeks to explain the rationale for a request to increase the 2022/23 fee uplift already agreed for small residential home providers in the Caerphilly Borough from 5% to 10%.

2.2 The report sets out the additional budgetary figures required to address the increase from 5% to 10%.

3. RECOMMENDATIONS

3.1 That Cabinet acknowledges the financial pressures facing small residential home providers at the present and agrees a fee increase of 10% with effect from April 2022 instead of the 5% increase previously agreed.

3.2 That a further £310,000 be allocated from the social care growth funding held within the Corporate Finance budget to fund the impact of the additional fee uplift.

4. REASONS FOR THE RECOMMENDATIONS

4.1 In order to ensure that the stability of this sector of care and support for vulnerable residents is maintained and that the providers are able to address the increase in costs and pressures associated with these services in the current financial climate.

5. THE REPORT

- 5.1 As part of the fee setting process for commissioned providers for 2022/23, the Small Residential Home Providers were awarded a 5% increase on their fees. It was felt at the time of award that this increase would suffice, however, since the award, the providers of these services have made representation that the 5% increase is not sufficient to address the cost increases faced by the social care sector or pay their staff the Real Living Wage as requested by the Welsh Government.
- 5.2 The providers have made collective and individual representation in respect of the 5% fee increase and explained the following factors are pertinent in their confirmation that this increase is not sufficient –
- The significant increase in the cost of gas and electric required to run the residential homes, and the further increase that is due in respect of utilities later in 2022 – many of the people supported in these services are older and vulnerable and many have mobility issues which means that the heating is required often.
 - The large increase in the cost of food – it is anticipated that the cost of shopping for the average family of 4 could rise by £380 a year by the end of 2022. This increase in the cost of food will affect the residential care sector in the same way and the much smaller care homes do not stand to benefit from the bulk buying of food in the same way that the larger residential and nursing homes do as they have far fewer residents.
 - Increase staff costs due to residents no longer accessing day services – these are older people who, since the pandemic have articulated a wish to continue with their current lifestyle and no longer want to travel on a bus to a day centre building
 - The increases in both National Insurance contributions inclusive of the 1.25% to cover the cost of the social care levy, and pension costs.
 - The cost of inflation continues to rise – the 5% increase does not cover the cost of inflation let alone anything else.
 - The request of the Welsh Government for providers to pay their staff the Real Living Wage rather than the National Living Wage in order to try and retain care staff in the sector – this is hugely important to the providers to ensure they can retain their staff and compete with the retail and hospitality sector.
 - The significant increase in fuel costs which has the potential to affect the staff ability to use their own vehicles to access the community with the residents.
 - Without a more appropriate increase in the fees for this year, a combination of all the above factors have the very real ability to affect the financial sustainability of the services and result in the possibility of some of them closing.
 - The significant increase in the cost of insurance for social care providers – some providers have seen insurance costs more than double in 12 months with many insurers refusing to insure any new providers.
 - Any shortage in funding for the services, vacancy levels, missed payments on loans etc has the potential to impact on bank covenants and the ability of providers to secure future funding.
- 5.3 The feedback from the providers of these services is that the 10% increase awarded to the providers of supported living would enable them to manage the cost pressures far better and maintain stability in the services.

6. Conclusion

The feedback from the Small Home Residential Providers is resounding in its message that unless there is a further increase on the 5% already agreed, that these services will be at risk of closure. The increased costs associated with daily life and living is taking its toll on society as a whole and the social care sector is no different. Staffing costs are indeed the largest expense for any provider of care and support and the providers are very keen to be able to pay and maintain the RLW for their staff even though this is not required in legislation.

To increase the fee increase by a further 5% to 10% for 2022/23 will support the providers to retain the stability of the services they provide help retain the necessary staff within the sector.

7. ASSUMPTIONS

- 7.1 There are no assumptions other than those in the body of the report which are a reality.

8. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 8.1 Not Applicable

9. FINANCIAL IMPLICATIONS

- 9.1 An increase in the fee uplift offered to small home providers from 5% to 10% would cost around £310,000. If this additional cost were to be funded by a virement from the £1,959,469 social care growth money held within the Corporate Finance budget, it would leave a balance of £1,649,469 to address the full year effect of the increased demand for social care for vulnerable adults and children that was experienced throughout 2021/22.

10. PERSONNEL IMPLICATIONS

- 10.1 There are no personnel implications relating to this report.

11. CONSULTATIONS

- 11.1 All consultation has been included in the body of this report.

12. STATUTORY POWER

- 12.1 Local Government Acts 1998 and 2003 and the Council's Financial Regulations.

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