



## CABINET – 18TH JUNE 2013

**SUBJECT: CARE HOME FEES REVIEW**

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES & SECTION 151 OFFICER**

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### 1. PURPOSE OF REPORT

- 1.1 To provide Cabinet with details of a recently completed review of fees paid by the Authority for elderly residential and nursing placements in care homes within the County Borough.
- 1.2 To seek Cabinet approval of the proposed fees along with budget virements to meet the additional 2013/14 costs.

### 2. SUMMARY

- 2.1 This report and attachments provide details of the reasons for undertaking the review of care home fees, the methodology adopted and the recommendations arising from the process.
- 2.2 The proposed fees for 2013/14 will result in an unavoidable additional cost pressure of £460k for the Directorate of Social Services. The attached report refers to a cost pressure of £541k, which reflected residential and nursing home placements as at month 10 of the 2012/13 financial year. This has now been updated to reflect current actual placements, which results in a reduced funding requirement of £460k. This figure can of course vary depending on the level of committed placements at any point in time.
- 2.3 There is no capacity within the Directorate of Social Services to vire monies from other budget headings and Cabinet is asked to consider a range of potential virements from Miscellaneous Finance budgets to fund the cost pressure for 2013/14

### 3. LINKS TO STRATEGY

- 3.1 The Directorate of Social Services must take steps to ensure that there is sufficient capacity within the independent sector to meet the needs of service users and must also work with providers to better understand the costs associated with the provision of their service, to establish a fair cost of care and set appropriate fee levels.

### 4. THE REPORT

- 4.1 The attached report (Appendix 1) was presented to the Health, Social Care and Wellbeing Scrutiny Committee at its meeting on the 14th May 2013. The report outlines the reasons for undertaking the review of care home fees, the methodology adopted and the recommendations arising from the process.

4.2 There are two key drivers behind the review: -

- In August 2010 the Welsh Government under Section 7 of the Local Authority Social Services Act of 1970 issued a Directive namely “Fulfilled Lives, Supportive Communities Commissioning Framework Guidance and Good Practice”. This Directive seeks to encourage/mandate Local Authorities when setting care home fee levels to take account of Providers’ costs and the factors that affect them, based on sound local evidence.
- The need to mitigate the potential for a legal challenge from Care Home Providers.

4.2 The Health, Social Care and Wellbeing Scrutiny Committee supported the proposed fees for 2013/14 and the proposed fee uplift methodology for 2014/15 and 2015/16 as set out in paragraphs 4.3.1 and 4.3.3 of the attached report. However, the Committee did express concerns regarding the additional pressure on the Social Services budget but noted that Cabinet would be considering a range of potential virements for the 2013/14 financial year.

4.4 Since the Scrutiny meeting the following currently uncommitted budgets within Miscellaneous Finance have been identified as potential 2013/14 virements for Cabinet to consider: -

| <b>Description</b>     | <b>2013/14<br/>Budget<br/>(£000's)</b> | <b>Committed<br/>(£000's)</b> | <b>Potential<br/>Virement<br/>(£000's)</b> |
|------------------------|--|-------------------------------|--|
| Contingency            | 138                                    | 105                           | <b>33</b>                                  |
| In-Year Pressures      | 100                                    | 0                             | <b>100</b>                                 |
| Community Schemes      | 400                                    | 220                           | <b>180</b>                                 |
| NNDR Empty Properties  | 392                                    | 190                           | <b>202</b>                                 |
| External Recruitment   | 77                                     | 0                             | <b>77</b>                                  |
| Unapplied Landfill Tax | 268                                    | 268                           | <b>0</b>                                   |
| Carbon Management      | 203                                    | 203                           | <b>0</b>                                   |
|                        | <b>1,578</b>                           | <b>986</b>                    | <b>592</b>                                 |

4.5 Contingency (£138k)

There is currently a commitment of £105k against the Contingency budget consisting of £35k for the Tour of Britain and £70k for Proms in the Park. This leaves a balance of £33k available as a potential virement for 2013/14. The amounts totalling £105k may not be required by year end if the service area can fund from their budget or service reserves.

4.6 In-Year Pressures (£100k)

There is currently no commitment against this budget but at this early stage in the financial year it would be prudent to retain some of this budget to mitigate any unforeseen events that may occur during the year. Costs of reintroducing free bulky household waste services are still uncertain.

4.7 Community Schemes (£400k)

This budget heading was originally called ‘Community Assets’ but it has become apparent that this is not a proper reflection of the expenditure which involves quite a number of revenue related schemes. An analysis of this proposed spend for 2013/14 is detailed in Appendix 2 attached. Those schemes marked with an asterisk are not currently committed.

Cabinet is asked to agree the proposed Schemes as set out in Appendix 2 and should the virement of £180k be agreed Cabinet is further asked to consider funding the shortfall in this budget for 2013/14 only by a one-off contribution from Social Services reserves.

#### 4.8 NNDR Empty Properties (£392k)

Legislative changes effective from April 2008 imposed an additional NNDR burden on empty properties and due to this growth monies were allocated in the Council's 2008/09 budget strategy to meet the additional NNDR costs on the Authority's empty properties. A rating revaluation was undertaken in 2010/11 and as a result of this the commitment has reduced. There has also a further reduction arising from the removal of the costs associated with St Ilan School leaving £202k available for a potential virement.

#### 4.9 External Recruitment (£77k)

In 2009/10 base budget was transferred from service Directorates into Miscellaneous Finance to allow Human Resources to manage the Authority's recruitment process. The majority of this budget was utilised in the 2012/13 financial year but Cabinet may wish to consider the option of Directorates directly funding recruitment costs from savings arising through in-year vacancies and subsequent delays in recruiting to posts.

#### 4.10 Unapplied Landfill Tax (£268k)

The Environment Directorate holds a core budget to meet the annual cost of landfill tax, it was originally anticipated that this growth may not be required for 2013/14 but changes to a recycling contract may require the release of this fund.

#### 4.11 Carbon Management (£203k)

This funding was allocated in 2006/07 as part of the Outcome Agreement grant and in recent years has been used to fund the installation of solar panels in Schools and Corporate Buildings. There are currently no commitments against this budget for 2013/14, but Members are reminded that this budget is funded from a grant that has very recently been revised by WG, hence there is significant uncertainty surrounding the sustainability of this budget in the longer term and it is not deemed suitable for a virement to cover recurring expenditure.

### **5. EQUALITIES IMPLICATIONS**

- 5.1 The fees review covers elderly residential and nursing placements in care homes within the County Borough and therefore specifically covers one particular age group in the community. No full Equalities Impact Assessment has been undertaken on the report, as the review was undertaken to help the Council fulfil its duties in meeting the Welsh Government Directive on ensuring fair costs of care, which itself should have been impact assessed by the Welsh Government under their own Strategic Equality Plan.

### **6. FINANCIAL IMPLICATIONS**

- 6.1 The proposed fees for 2013/14 will result in an unavoidable additional cost pressure of £460k for the Directorate of Social Services. There is no capacity within the Directorate to vire monies from other budget headings with immediate effect, hence Cabinet is asked to consider a virement from uncommitted Miscellaneous Finance budgets to Social Services for 2013/14.
- 6.2 For future years the £460k cost pressure will need to be met from additional savings and efficiencies as part of the Social Services Directorate's Medium-Term Financial Plan. This increases the savings target for Social Services for 2014/15 to £2.3m.

6.3 Social Services reserves, which currently total £802k, can be used to fund one-off expenditure of £180k relating to Community Schemes.

## 7.1 PERSONNEL IMPLICATIONS

7.1 There are no direct personnel implications arising from this report, as only uncommitted budgets have been considered.

## 8. CONSULTATIONS

8.1 There are no consultation responses that have not been reflected in this report.

## 9. RECOMMENDATIONS

9.1 It is recommended that Cabinet: -

- Approves the proposed fees for 2013/14.
- Agrees the fee uplift methodology for 2014/15 and 2015/16.
- Identifies and approves budget virements from Miscellaneous Finance to Social Services for 2013/14 to meet the unavoidable cost pressure of £460k arising from the fees review.
- Agrees the spend profile for Community Schemes as set out in Appendix 2.
- Determines whether Social Services reserves should be utilised to fund some Community Schemes for 2013/14 only.

## 10. REASONS FOR THE RECOMMENDATIONS

10.1 To ensure that elderly residential and nursing home fees reflect the fair cost of care in line with the Welsh Government Directive "Fulfilled Lives, Supportive Communities Commissioning Framework Guidance and Good Practice".

## 11. STATUTORY POWER

11.1 Local Government Acts 1972 and 2000.

Author: Stephen Harris, Acting Head of Corporate Finance

E-mail: [harrisr@caerphilly.gov.uk](mailto:harrisr@caerphilly.gov.uk) Tel: 01443 863022

Consultees: Nicole Scammell, Acting Director of Corporate Services & S151 Officer

Gail Williams, Monitoring Officer

Robert Hartshorn, Head of Public Protection

Pauline Elliott, Head of Regeneration & Planning

Terry Shaw, Head of Engineering Services

Mark Williams, Head of Community & Leisure Services

Cllr K Reynolds, Deputy Leader, Cabinet Member for Corporate Services

Cllr K James, Cabinet Member for Regeneration, Planning and Sustainability

Cllr T Williams, Cabinet Member for Highways, Transportation & Engineering

Cllr D Poole, Cabinet Member for Community & Leisure Services

Appendices:

Appendix 1 Report to HSC&WB Scrutiny Committee – 14th May 2013

Appendix 2 Analysis of Proposed Spend 2013/14 – Maintenance of Community Asset Funding