



CABINET - 6TH APRIL 2022

SUBJECT: SOCIAL CARE PROVIDER FEE INCREASES 2022/2023

REPORT BY: CORPORATE DIRECTOR FOR SOCIAL SERVICES AND HOUSING

1. PURPOSE OF REPORT

- 1.1 To inform Cabinet of the financial pressures and difficulties being experienced by providers of commissioned care and support services across the Borough and Nationally.
- 1.2 To propose fee increases for the different categories of commissioned care and support sector providers that will support them to address the financial pressures within the sector and their service area.
- 1.3 To draw upon £3.756million of the £5.716million growth funding that has been earmarked for social care pressures in 2022/23 but temporarily held within the Corporate Finance budget.

2. SUMMARY

- 2.1 The report will set out a brief description of the financial pressures that providers of commissioned care services are experiencing because of the Covid-19 pandemic and the consequential period of austerity that has resulted. The report will explain the overarching pressures that are being experienced by all providers. Not least, due to Welsh Government's commitment to ensuring all care workers are paid at or above the Real Living Wage but also due to pressures that are more specific to certain providers within the social care sector.
- 2.2 In addition, the report will propose fee uplifts for various services to address these financial pressures and maintain the financial viability of care providers. The report will also propose that £3,755,886 be allocated from the social care growth funding held within the Corporate Finance budget for 2022/23, to fund the impact of the proposed fee uplifts.

3. RECOMMENDATIONS

- 3.1 That the financial pressures facing the social care sector at present are acknowledged and the proposed fee increases summarised in paragraph 5.4 are agreed.
- 3.2 That £3,755,886 be allocated from the social care growth funding held within the Corporate Finance budget to fund the impact of the recommended fee uplifts set out in paragraph 5.4.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To support the commissioned care providers as they emerge from the Covid-19 pandemic, into a recovery phase so that they can continue to provide appropriate services.
- 4.2 To support commissioned care providers to retain as much financial stability and viability as possible, as the financial pressures they face become a reality.
- 4.3 To try to maintain what stability remains in the social care sector in the Borough given the pressures faced, to retain continuity of statutory commissioned care provision.
- 4.4 To enable provider organisations to pay their care staff at or above the Real Living Wage of £9.90 per hour with effect from 1st April 2022, in accordance with Welsh Government's mandate.

5. THE REPORT

- 5.1 Prior to the Covid-19 pandemic, commissioned care and support providers were articulating difficulties and pressures associated with the cost of providing services to vulnerable people across the Borough. Since the world has experienced and responded to pandemic, the social care sector has been forced to adapt practice, increase support, and now faces a raft of very heavily increased costs to respond to the recovery from the pandemic and maintain statutory commissioned services.
- 5.2 The overarching pressures that are facing providers across the entire social care sector are-
 - Recruitment and retention of staff - All sectors of the care market including local authorities are experiencing significant issues with this. Many care workers have left the sector because of burn out after the pandemic, but many have left because they have been able to secure far better paid employment in retail and hospitality. This has had an impact across the sector but especially in domiciliary care where many packages of support to people in the community and hospital discharge packages have gone unbrokered.
 - The introduction of the Real Living Wage at £9.90 an hour as from April 1, 2022 - It is unlikely that this will have such a heavy impact within children's services, direct payments or residential care for younger adults, as generally pay rates tend to be closer to the Real Living Wage in these service areas.
 - Increase in pension costs.
 - The introduction of the Social Care Levy at 1.25%, which will increase the NI contribution that providers will have to make for their staff.
 - Significantly, increased insurance costs - many providers have seen their new quotes double and some companies will no longer provide cover for communicable diseases. Many companies will no longer take new social care providers as customers.
 - General price inflation has recently been reported at 7.8%, which will affect providers' operational costs in 2022/23.
- 5.3 The pressures facing particular areas of the social care sector include-
Domiciliary Care-
 - The increase in fuel costs which has not only been affected by the pandemic but is now being further affected significantly by the situation in Ukraine. We have an example of staff leaving commissioned domiciliary care agencies, as they can no longer afford to run a car.
 - The fees paid by Caerphilly for domiciliary care is slightly above the average paid by Welsh councils, according to a study published by the Homecare Association and Care Forum Wales. However, they fall short of the minimum hourly rate recommended by the association of £21.43.
 - A working draft of a home care cost matrix produced on behalf of the National Commissioning Board has calculated the cost of individual home care calls as being

substantially higher than the fees Caerphilly CBC currently pays to providers –

| Length of call | 60 minutes | 45 minutes | 30 minutes | 15 minutes |
|-----------------------------|------------|------------|------------|------------|
| NCB estimated cost per call | £26.98 | £21.83 | £16.68 | £11.53 |
| NCB Hourly equivalent | £26.98 | £29.11 | £33.36 | £46.12 |
| CCBC average fee 21/22 | £19.76 | £12.79 | £9.93 | £5.60 |
| CCBC hourly equivalent | £19.76 | £17.05 | £19.86 | £22.40 |

Residential and Nursing Homes-

- The increase in the costs of gas and electric – All care homes are expressing concern about this increase, especially as the people they support are often immobile and very much feel the cold so there is no room for saving in this area.
- The increase in the cost of food and provisions.
- In 2021/22, the weekly fee levels paid by Caerphilly for older people's residential and nursing care were between 4% and 12% lower than the average fee levels paid by other Gwent authorities as demonstrated in the following table-

| 2021/22 Provider Fee Levels | Older People's Residential Care | EMI Residential care | Older People's Nursing Care | EMI Nursing Care |
|--|---------------------------------|----------------------|-----------------------------|------------------|
| Torfaen | £689.64 | £757.19 | £729.10 | £763.13 |
| Monmouthshire | £670.00 | £747.00 | £708.00 | £734.00 |
| Blaenau Gwent | £626.00 | £690.00 | £718.00 | £732.00 |
| Gwent average | £661.88 | £731.40 | £718.37 | £743.04 |
| Caerphilly | £636.53 | £694.49 | £633.42 | £698.63 |
| Difference between Caerphilly's fees and Gwent average | £25.35 or 4% | £36.91 or 5% | £84.95 or 12% | £44.41 or 6% |

- The budgeted cost of in-house residential care provision for 2021/22 amounted to £680 per week per place for older people's residential care and £1,083 for EMI residential care and these costs are set to increase by over 4% for 2022/23. Therefore, a larger uplift for independent sector would help to close the funding gap that is often cited by independent sector care providers during fee level negotiations.
- Early findings of work commissioned by the National Commissioning Board suggest that providers are anticipating costs of between £834 and 895 per bed in 2022/23-

| 2021/22 Provider Fee Levels | Older People's Residential Care | EMI Residential care | Older People's Nursing Care | EMI Nursing Care |
|---|---------------------------------|----------------------|-----------------------------|------------------|
| Average anticipated weekly cost per place reported by providers | £834 | £844 | £1,038 | £1,085 |
| Less estimated Funded Nursing Care element | N/A | N/A | £190 | £190 |
| Potential weekly cost per bed to local authorities | £834 | £844 | £848 | £895 |

- 5.4 The following table summarises the proposed fee uplift required to address the pressures in each sector of the social care market and identifies the draw upon growth funding required to implement those proposed uplifts:-

| Category of Care | Proposed Uplift | Draw on Growth |
|--|-----------------|-------------------|
| Domiciliary Care | 15% | £775,152 |
| Direct Payments | 8% | £71,506 |
| Residential & Nursing Care for Older People | 14% | £1,514,596 |
| Residential & Nursing Care for Younger Adults | 5% | £74,686 |
| Supported Living | 10% | £1,050,950 |
| Day Care | 10% | £74,464 |
| Extra Care | 10% | £42,259 |
| Social Care Provision for Children and Adolescents | 4% | £152,273 |
| TOTAL | Various | £3,755,886 |

- 5.5 The pressures and difficulties faced by the social care sector and their need to achieve fee increases that reflect a fair price for care are recognised both locally and nationally. It is believed that the unusually high increases proposed above will go some way to addressing those pressures and enable providers to comply with Welsh Government legislation in respect of the implementation of the Real Living Wage for their care staff. Welsh Government has included additional funding to address this legislation within the Local Government Revenue Support Grant settlement for 2022/23, which will help to fund the impact of these proposals.
- 5.6 Looking ahead to the next financial year, 2023/24, with current pressures in mind and recovery from the pandemic ongoing, CCBC is committed to working with care home providers to undertake a piece of work that will look at future potential costs of care and a methodology for setting fees that has engaged with the care home sector.

5.7 **Conclusion**

The significant issues being experienced in the social care sector as a result of all the increased costs referenced above in section 5, is evidence of the pressure that providers are under in order to maintain services and ensure as much financial viability as they are able, which is a requirement of their registration with Care Inspectorate Wales. The issues and pressures are well documented in communication between providers and commissioners as the increase in costs and the implementation of the Real Living Wage become a reality. It is vital that commissioned providers delivering statutory services are supported to ensure the stability and continuity of the essential services moving forward. The proposed fee increases would help to support the stability of the social care sector in the Borough and maintain service provision in the short term. However, it is evident from the early findings of the work commissioned by the National Commissioning Board that a longer-term strategy for fee levels needs to be developed during 2022/23 in consultation with care providers and our regional partners.

6. **ASSUMPTIONS**

- 6.1 There are no assumptions made in relation to this report.

7. **SUMMARY OF INTEGRATED IMPACT ASSESSMENT**

- 7.1 Not applicable.

8. FINANCIAL IMPLICATIONS

- 8.1 The financial implications of the proposed provider fee increases are summarised in the table in paragraph 5.4 above.

9. PERSONNEL IMPLICATIONS

- 9.1 There are no implications for in-house care staff within this report. However, a condition of the proposed fee uplifts would be that provider organisations ensure that they pay all of their care staff a minimum of £9.90 per hour with effect from 1st April 2022.

10. CONSULTATIONS

- 10.1 All consultation responses have been incorporated into this report.

11. STATUTORY POWER

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

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