

<b>Report to</b>	Cabinet
<b>Date of meeting</b>	25th March 2025
<b>Lead Member / Officer</b>	Cllr Elen Heaton / Ann Lloyd
<b>Head of Service</b>	Ann Lloyd
<b>Report author</b>	Ann Lloyd
<b>Title</b>	Residential and Nursing Care Home Fee Setting 2025 / 26

## **1. What is the report about?**

- 1.1. The report provides an update on care fees negotiations with Older Peoples Residential and Nursing Care Home Providers (excluding Specialist homes for people with complex disabilities of mental health illnesses)

## **2. What is the reason for making this report?**

- 2.1. To provide Cabinet with the outcome of the consultation with Older People's Residential and Nursing Home Providers and how we intend to deal with any care fee disputes moving forward.

## **3. What are the Recommendations?**

- 3.1. That Cabinet approves the Care Fee uplifts, on top of the 2024/ 2025 fees, for Older People's Residential and Nursing Homes for 2025 / 2026 as:-
- 3.1.1. 3.8% for Standard Residential Care
  - 3.1.2. 6.6% for EMI Residential Care
  - 3.1.3. 5.9% for Standard Nursing Care
  - 3.1.4. 7.2% for EMI Nursing Care
- 3.2. That Cabinet approves that any provider who does not accept the proposed fees will enter into a Care Cubed exercise to determine a fair-price for their care (previously open book exercise).

## 4. Report details

- 4.1. At the start of 2024 / 2025 Denbighshire County Council commissioned 382 placements across 85 Older people's residential and nursing care homes. Across the 4 categories of care: - Standard Residential; EMI residential; Standard Nursing; and EMI Nursing the projected cost for the year is likely to be £14,122,881, out of a total of £43.1 million spend on all care packages across Adult Social Care.
- 4.2. The Regional Leadership Group (formal subgroup of the Regional Partnership Board) committed to achieving a consistent and transparent regional approach. In the autumn 2024, Denbighshire County Council invested in Care Cubed Methodology, along with a number of other North Wales Local Authorities.
- 4.3. Care Cubed standardises and streamlines the negotiation and brokering of cost of care packages. This strategic toolkit ensures consistency and transparency in our interactions with all care providers and supports us to achieve a fair price for care. Care Cubed supports in our aim to enhance the quality of care whilst ensuring fair and equitable funding and working towards a sustainable social care market.
- 4.4. We will be using Care Cubed for any new care package where the provider is asking for fees above the agreed fee rate for 2025 / 2026. As well as, for any provider who asks for further negotiation of care fee rates for 2025 / 2026 (previously known as an open book exercise).
- 4.5. Pre-consultation work took place prior to determining our care fee proposals and the main feedback was around meeting the costs of the National Insurance (NI) Employer Contribution increase and lowering of the NI threshold. This has been taken into consideration when developing our care fee offer.
- 4.6. A letter (see Appendix 1) was sent to all older people's care home providers, on 10<sup>th</sup> January 2025 with our proposals and starting the consultation process. This gives all providers the opportunity to meet with officers and complete a Care cubed exercise. Only three older people care home providers (4 homes)

have written to us telling us what their fees will be and officers will be engaging with them to complete Care Cubed.

4.7. In setting the 2025 – 2026 care fees, we worked to the Regional Methodology Toolkit but benchmarked the proposed fees in Care Cubed and the results confirmed our fees proposal for a typical care home. We have also taken into consideration the feedback that providers gave us back in November / December 2024 along with: –

- the Real Living Wage increase of 5% increasing from £12.00 - £12.60 in April 2025.
- the increase in employer’s National Insurance Contributions of 1.5% and the lowering of the NI threshold.
- a CPI inflation rate of 2% (typically we use the September inflation rate which was 1.7%).

4.8. Table of Care Fees across the 4 categories of care

	<b>24 / 25</b>	<b>25 / 26</b>	<b>Weekly Increase</b>	
Standard Residential	£774.47	£804.64	£30.17	3.90%
EMI Residential	£808.58	£862.71	£54.13	6.70%
Standard Nursing*	£851.81	£909.94	£58.13	6.80%
EMI Nursing*	£920.05	£987.19	£67.14	7.30%

\*Excluding BCUHB FNC

Equivalent monetary uplift will be offered to any provider already being paid above the indicative fee rate.

## **5. How does the decision contribute to the Corporate Plan 2022 to 2027: The Denbighshire We Want?**

5.1. The decisions around residential and nursing homes fees contributes to the following themes of the Corporate Plan.

**5.1.1. A prosperous Denbighshire** – Care home fees are paid to individual providers in the private and third sector, thus supporting the growth of the local social economy and providing local jobs.

**5.1.2. A well-run, high performing council** – Fee levels are informed and set following engagement with providers, fostering a culture that welcomes fair and appropriate challenge. The process of fee setting ensures a fair and equitable pricing for care packages and fundamentally supports the Local Authority's responsibility to steward public money and secure the best value for the taxpayer. Embedded within the organisation's culture is our financial responsibility to ensure that all care packages are both sustainable, fairly priced and value for money.

## **6. What will it cost and how will it affect other services?**

6.1. If Cabinet agree to the proposed Residential and Nursing Home Care Fees are likely to cost us an additional £944,085 during 2025 – 26, totalling a project cost for older People' Residential and Nursing Care costs of £15.2 million.

## **7. What are the main conclusions of the Well-being Impact Assessment?**

7.1. N/A

## **8. What consultations have been carried out with Scrutiny and others?**

8.1. All Providers were invited to take part in a pre-consultation only six (6) providers accepted the invitation and subsequently only two (2) providers have written to us during the consultation period.

8.2. CET and Cabinet Briefing have both received regular fee setting updates.

8.3. Views have been sought from Finance colleagues throughout the fee setting process.

## **9. Chief Finance Officer Statement**

9.1. The approach to setting fees for Residential and Nursing Care Homes for 2025/26 builds on the approach taken in 2024/25 which has been successful in balancing the need to support the provider market across the county and the increased annual costs care homes face with affordability for the Council and Council Taxpayers. The approach for 2025/26 as outlined in report has been carefully considered and is to follow the principles of the regional toolkit, uplifting indicative fees by percentages and monetary amounts if above indicative fees as outlined. The change this year is that any disputed care fee will use the Care Cubed methodology as a transparent way of resolving the dispute and is supported.

## **10. What risks are there and is there anything we can do to reduce them?**

10.1. With the limited amount of feedback, we have had from Providers during the pre-consultation and consultation periods, it is difficult to gauge the views of the wider care home provider network. We will continue to engage with our providers and the opportunity to discuss care fees and participate in Care Cubed will be a standing invitation to all of our providers.

10.2. That we make an offer that is not financially sustainable for the Council based on the current financial position and future budgetary challenges that we anticipate over the next 2 – 3 years. To mitigate this we have invested in the Care Cubed methodology which supports the council's role as steward of public funds and to be accountable to ensure that the fees we pay for care are sustainable and meet the needs of the service user.

## **11. Power to make the decision**

Cabinet's powers with respect to this matter are set out in:

- Section 21 of the Local Government Act 2000
- Section 7.4.2 (b) of the Council's constitution
- Section 114 b Social Services and Well-Being Act 2014