

Review of Care Home Market for Older People and the Approach to Fee Setting for Care and Support Services 2024/25

CASSC – December 2023



#GweithioDrosGaerdydd
#GweithioDrosochChi

#WorkingForCardiff
#WorkingForYou

Purpose of the Report



STRONGER
FAIRER
GREENER



The aim of the cabinet report is:

- To agree the approach to **fee setting** for care and support services for 2024/5
- To agree an approach to the **future commissioning of care homes for older people**

Both to be informed by the work undertaken so far to **review the care home market**, with a focus on care homes for older people

- To note the work underway to strengthen quality monitoring for care homes for older people



#GweithioDrosGaerdydd
#GweithioDrosochChi

#WorkingForCardiff
#WorkingForYou

National & Regional Context

A number of key policy documents have informed the report:



STRONGER
FAIRER
GREENER



The Welsh Government White Paper on Rebalancing Care and Support, highlights the complexity of the care and support market landscape in Wales. It describes three critical areas where action is needed:

- Refocusing the fundamentals of the care market **away from price towards quality and value**
- Reorientation of commissioning practices **towards social value commissioning** focused on managing the market and outcomes.
- Evolution, integration, and **simplification of joint planning** and delivery



- The Cardiff and Vale **Regional Market Stability Report** considered the overall sufficiency and stability of the care market.
- Reflected that a change was required to care and support models with a strong emphasis on **citizens remaining at home for longer, reducing the need for residential care** but also indicated an **increase in need for specialist care**.
- Identified that **more specialist care home capacity** was required to support people with **dementia** and at end of life



Local Context – An Ageing Population

Projected 2030 Population Increase

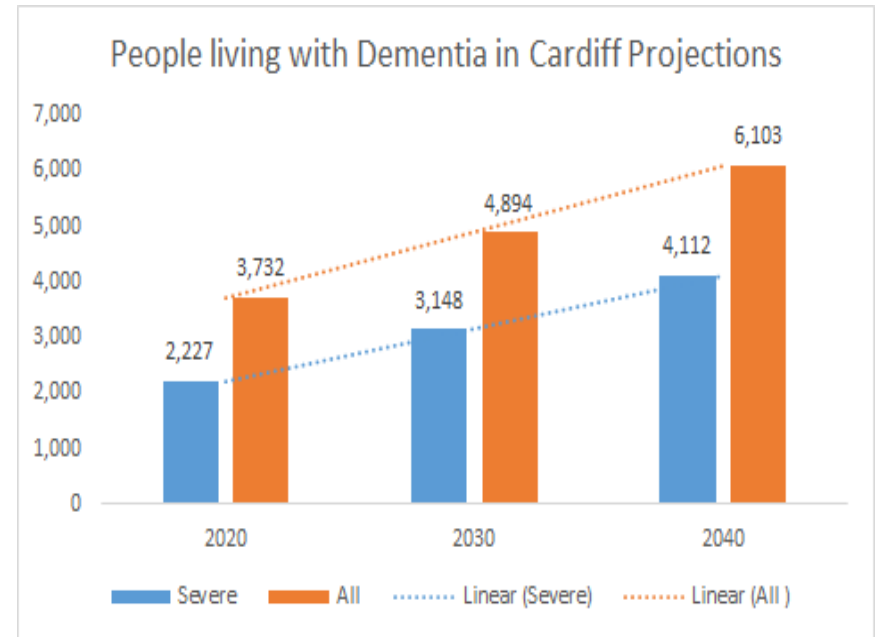


17.8 % increase age 65+
9.2 % increase age 85+
5.9 % increase age 90+

The **number that struggle with activities of daily living** will increase by **17%** by 2030 – 1 in 4 older people (over 65).

The **number of people living with dementia** will increase by **30.1%** by 2030 and **41.1%** for severe dementia

Cardiff Council already spends more than £56 million a year on care and support services for older people



Action that we take now can make a difference to how this demographic change impacts on demand for services.

Cardiff's Ageing Well Strategy set out a 5 year plan to support the ageing population

Clear focus on prevention and reablement – supporting people to remain at home

Intention to work with the care sector to meet changing need:

- Move away from the use of general residential care
- Meet the increased demand for specialist care such as nursing /dementia care

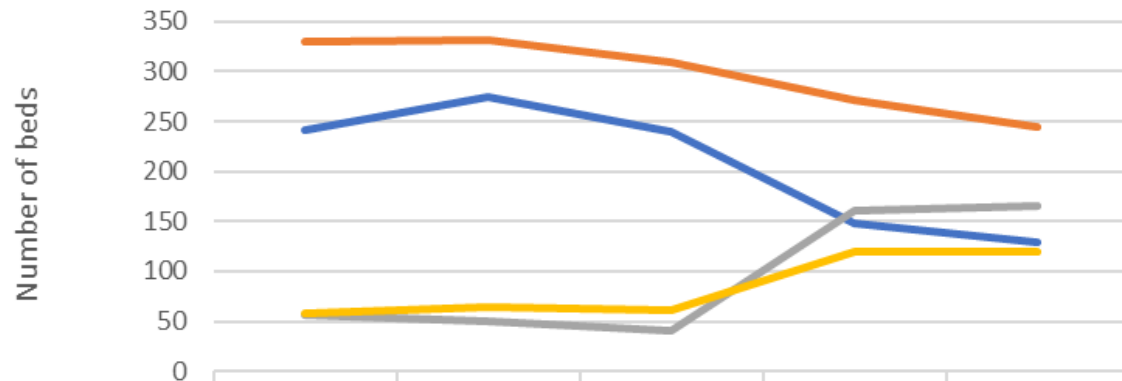
Background



**STRONGER
FAIRER
GREENER**



Placement demand



	As at 1st April 2019	As at 1st April 2020	As at 1st April 2021	As at 1st April 2022	As at 1st April 2023
Gen Res	241	274	240	148	129
Gen Nur	329	332	309	271	244
Dem Res	56	50	41	161	165
Dem Nur	58	64	61	119	119

The impact of this change is reflected in reflected in the number of Council care home placements:

Since April 2019

- **General Residential Care** has decreased by 50%
- **General Nursing Care** has decreased by 25% (although this is still the highest category)
- **Dementia Residential Care** has increased by 66% (this is now the second highest category)
- **Dementia Nursing Care** has increased by 51%



#GweithioDrosGaerdydd
#GweithioDrosochChi

#WorkingForCardiff
#WorkingForYou

Care Home Procurement Arrangements



STRONGER
FAIRER
GREENER



- Care home placements are secured by spot purchase arrangement
- **A Dynamic Approved Provider List (DAPL)** is used for tendering - to become **“Approved Providers”** providers must pass an accreditation process.
- Commissioning on an individual basis means that Adult Services **does not risk block booking beds** that are not then utilised and should give value for money however:
- This presents challenges for providers - there is no guarantee of work with the Council that would encourage providers to **invest in their premises or to make changes to their delivery models.**
- This approach to commissioning also makes it **difficult for providers to secure funding to invest** in their buildings. Care homes are now seen as high risk for investors
- There are a **lack of bids for placements** which impacts on cost

Due to these challenges a review of care home market and current commissioning arrangements has been carried out

Findings of Review - Care Homes in Cardiff



STRONGER
FAIRER
GREENER



- There are currently **37** care homes for older people in Cardiff collectively registered to provide **1,899** beds.
- **30** of these care homes are Approved Providers.
- Of the **7** homes not yet accredited **6** have placements commissioned by the Council - work is underway to support them to become accredited and enrolled.
- As at September 2023, there were **674** individuals in Cardiff care homes placed or funded by the Council
- **Council placements make up 35% of all registered care home beds** for older people in the city,
- The remaining **65%** are either:
 - currently vacant;
 - commissioned by Health or
 - occupied by individuals who are self-funding their own care.

In 2022/23 - £36.3m was spent on care homes for older people, 28.78% of the total Adult Services commissioning budget.

Findings of Review - Cost of Care



STRONGER
FAIRER
GREENER



Cardiff Council has agreed standard cost of care rates for care home placements for older people for four separate types of home:

Category	Cost of Care 2023/24
Residential	£912.29
Dementia Residential	£979.40
Nursing	£903.79
Nursing Dementia	£1001.17

Findings - although cost of care rates are in place, the service is frequently paying above these rates, mainly due to a lack of bids at the cost of care rates.

The highest percentage of placements above the current standard cost of care rate is **General Nursing** and **Nursing Dementia** placements reflecting demand for these categories of placements and the challenges that the service faces in securing them.



#GweithioDrosGaerdydd
#GweithioDrosochChi

#WorkingForCardiff
#WorkingForYou

Findings of Review - Bidding Statistics

An analysis of bidding patterns in Quarter 2 has taken place and shows the number of bids received in the period for all placements via the **Dynamic Approved Provider List (DAPL)** and also the reasons why Direct Awards were made.



Reasons for Direct Awards

- **Choice** - an individual or their family may choose a care home where charges are more than the set cost of care rate if they fund the extra / have a property to fund the care
- **To achieve continuity of care** where an individual has been admitted to a care home on a temporary basis and needs to remain there on a longer-term basis. Or where they were self-funding care and can no longer afford the fees, if it is not reasonable to make them move
- **Escalation of need** that requires an individual to move from residential to nursing care and the change can be met in their current home.

The findings from the review will inform both fee setting and future commissioning proposals

Fee Setting

Welsh Government statutory guidance [‘Commissioning Framework Guidance and Good Practice. Standard 10 \(2010\)’](#) This guidance sets out the factors a local authority should take into account when considering fees: The Guidance states,

- *‘Commissioners will have to take into account the full range of demands on them and their strategic priorities, as well as the resources they have at their disposal in developing their commissioning strategies.*
- ***Fee setting must take into account the legitimate and future costs faced by providers as well as the factors that affect those costs and the potential for improved performance and more cost effective ways of operating. The fees need to be adequate to enable providers to meet the specification set by the Commissioners together with regulatory requirements.....***
- ***Commissioners must have a rationale to explain their approach to fee setting. The primary concern is that services operate safely and effectively to promote the welfare of the service users and carers and meet regulatory requirement.***

The Welsh Government commended [‘Lets Agree to Agree’ toolkit](#) acknowledges that the price for care has to be negotiated as with any other contract, that “ ***there will always need to be a balance between what is an acceptable price, is affordable to the public purse (the tax payer) and what is fair for providers in order that they can deliver a sustainable business***”.

Fee Setting For Care Homes

Cardiff implemented a three-year Fee Setting Strategy in 2019.

- This allowed for packages of care at the cost of care rate to receive an annual uplift,
 - Any packages of care higher than the set rates would not receive an annual increase.
-
- Uplifts to the cost of care rates for 2022/23 onwards have included the **Real Living Wage (RLW)** uplift for workers in registerable posts.
 - **New Cost of Care exercises in 2022 could not be completed** due to:
 - low number of participants in the exercise
 - implementing a new Fee Setting Strategy a time of great financial uncertainty
 - It was therefore agreed to extend the existing Fee Setting Strategy for a further year with an additional uplift for residential dementia, nursing, and nursing dementia placements
 - **A new Cost of Care exercise was initiated again in 2023** – again it will not be possible to complete this – for the same reasons as above. However, views of providers have been listened to and are set out in the cabinet report.

Fee Setting 2024/25 - Older Persons Care Homes

It is proposed that a new Fee Setting Strategy is not put in place in 2024 but instead a clear set of principles will be set out on how the standard cost of care will be uplifted

- Ensuring that fees reflect the need to **uplift staffing element of costs** to meet the **Real Living Wage (RLW)** - £12 (10.1%)
- Provide an uplift that considers the **increase in costs other than staffing**, based on predicted inflationary pressures (3%)
- Identifying **types of placements most in demand and their costs** – seek to reflect these costs in a way that is affordable for the Council.
- Recognising the providers concern about the **Return on Capital Employed** while understanding that any significant increase in this respect would require more support from WG
- **Not to uplift those packages which are above the new cost of care rate.** This will impact on **254** packages and noting that this approach is not without risk.

If agreed:

- Further consultation will be carried out with providers ahead of the budget
- Any concerns identified that cannot be addressed by the Council, will be raised with the National Commissioning Board and Wales Government policy leads

Fee Setting 2024/25 – Other Groups



STRONGER
FAIRER
GREENER



- A separate approach will be taken to fee setting for care homes for other population groups including those with **Learning Disabilities, mental health issues and substance misuse problems.**
- Important to sustain these **specialist placements for Learning Disabilities** and reflect their additional costs
- Therefore it is proposed that uplifts for these placements are calculated in line with the principles set out on the previous slide, except that all placements receive an uplift, even if above the cost of care rates.
- For **Mental Health and Substance Misuse Placements** – case by case decision making will be made on placements above the cost of care rates (recognising the variety of need)
- Longer term plans are in place to further develop specialist supported living schemes, which will reduce reliance on expensive residential placements (where appropriate) while helping individuals to remain closer to home.



#GweithioDrosGaerdydd
#GweithioDrosochChi

#WorkingForCardiff
#WorkingForYou

Fee Setting 2024/25 – Domiciliary Care



STRONGER
FAIRER
GREENER



- Fortunately, Cardiff has an active domiciliary care market
- It is proposed that there will be no change to the approach to fee setting originally agreed in 2021 for **Domiciliary Care** with the continuation of the Floor and Ceiling (Currently **£20.71** and **£25.34** respectively).
 - It is proposed that fee uplifts will reflect the **Real Living Wage for staff costs only** and for other cost the increase will reflect the **predicted rate of inflation** going forward.
 - The ceiling will increase by the predicted rate of inflation only - this will restrict the increase for some packages already at or near the ceiling.
 - Packages above the ceiling due to exceptional reasons will receive an increase

The proposal will be subject to further consultation - but with the recognition of budget limitations



#GweithioDrosGaerdydd
#GweithioDrosochChi

#WorkingForCardiff
#WorkingForYou

New Approach to Commissioning Care Home Placements for Older People



STRONGER
FAIRER
GREENER



The current method of commissioning care home placements through the DAPL has a number of disadvantages which are **impacting** both on the **current cost of placements** and the **ability to manage the market towards** meeting future needs:

- Challenges in securing nursing and dementia nursing placements and also respite placements - low numbers of providers are bidding on a consistent basis.
- The actual prices paid for placements are often above the standard cost of care rates.
- Difficulty in building collaborative relationships with such a large number of providers or develop partnerships with the flexibility and commitment that is needed
- **19** homes require investment to make them fully compliant with RISCA and suitable to provide services to residents with higher levels of need - **15** are partially compliant and **4** are non-compliant.
- There is a need to upgrade these homes, however, current arrangements do not give providers any assurance about the number of placements the Council will commission with them in the future.

A new approach to commissioning is required that overcomes these issues

#GweithioDrosGaerdydd
#GweithioDrosochChi

#WorkingForCardiff
#WorkingForYou



New Approach to Commissioning Care Home Placements for Older People



**STRONGER
FAIRER
GREENER**



Four options have been considered:

- **Option 1 - Remain as is, continuing to use the Dynamic Approved Provider List**
- **Option 2 - Use of Block Contracts** – enables contracts to be put in place with providers for a specified type and amount of placements over an agreed timescale for an agreed rate.
- **Option 3 – Use of Framework Arrangements** - enable contracts to be put in place with a range of framework providers, giving some more certainty to providers without committing to placements.
- **Option 4 – A Hybrid Model - using both the DAPL and Frameworks** for lots that reflect the cohorts of placements the service find most challenging to secure.

Option 4 is recommended

New Approach to Commissioning Care Home Placements for Older People



STRONGER
FAIRER
GREENER



Benefits of Option 4 include:

- A combination of **Dynamic Approved Provider List** together with a number of **Framework Arrangements** would better support market management
- Frameworks provide an opportunity to offer more security for providers in respect of price, without committing to placements.
- Agreeing a fee level for providers who are part of the Frameworks will support more accurate financial projections and better control of costs.
- The maintenance of the DAPL would continue to support choice for individuals
- Frameworks for specific cohorts of providers would also provide greater opportunity to develop a more collaborative working arrangement with a smaller number of providers



#GweithioDrosGaerdydd
#GweithioDrosOchChi

#WorkingForCardiff
#WorkingForYou

Improving Quality



**STRONGER
FAIRER
GREENER**



All care homes are regulated by **Care Inspectorate Wales (CIW)** under the RISCA regulations.

Cardiff's current approach to monitoring quality comprises of:

- **Contract Monitoring** visits to audit homes against the standard:
 - Service delivery,
 - Safe recruitment practice and workforce related matters such as training and development
- Planned monitoring visits are undertaken by **Contract Monitoring Officers**, a care home will have **at least one** monitoring visit per year, but this will be enhanced where there are concerns regarding provider quality.
- The **Dementia Care & Quality Social Work Team** carries out of reviews from a service user perspective and spreads good practice in dementia care
- Any issues are managed using formal **Escalating Concerns procedures**, a multi-agency approach with the aim of supporting providers to improve and to sustain that improvement.



Improving Quality



STRONGER
FAIRER
GREENER



- It is intended that various components for monitoring quality of Care Homes that are currently in place will be brought together to inform an **overall quality rating**.
- It is expected that following consultation, the quality rating will become a factor in determining the awarding of new care placements.
- It will also inform the commissioning of future framework arrangements if proposals are agreed



#GweithioDrosGaerdydd
#GweithioDrosochChi

#WorkingForCardiff
#WorkingForYou

Next Steps

If the report is approved by Cabinet:

- Consultation will take place with providers on the fee setting proposals ahead of budget setting
- Further work will be undertaken to develop details proposals for the framework arrangements – this will including further market engagement



#GweithioDrosGaerdydd
#GweithioDrosochChi

#WorkingForCardiff
#WorkingForYou