

Health and Social Services Committee

HSS(2)-01-05(p.9)

Meeting Date: Wednesday 12 January 2005

Meeting Venue: Committee Room 3, National Assembly for Wales

Paper Title: Residential Care Home Fees

Purpose

To inform the Committee of progress in the production of an assessment tool to assist Local Authorities in determining appropriate care fees for residential homes for older people.

Summary

A care fee assessment tool has been produced in draft and will shortly be distributed to local authorities as part of a wider consultative process. Welsh Local Government Association (WLGA) will be considering the appropriate next steps following this consultation and the outcome of more detailed pilot work currently underway to test the model. This work will be carried out during the first quarter of 2005.

Care fees are the responsibility of local authorities as part of their contractual relationship with the Independent Sector. The Assessment Tool helps by informing this relationship and supports the implementation of Assembly Government guidance on commissioning (Promoting Partnership in Care). It works by providing a methodology to assist in achieving greater transparency about external providers' costs and, therefore, contributing to better informed decisions on fees.

Background

The Care Fees Assessment Tool has been commissioned by the WLGA, with funding from Welsh Assembly Government, through the All Wales Support Unit for Social Services. The Unit established a technical reference group with representation from local authorities, WLGA, the All Wales Commissioning Officers Group and the Independent Sector. The work has been protracted because there are a limited number of agencies with the expertise and standing in the field. The Tool has been commissioned from William Laing and the work has been carried out in conjunction with the Joseph Rowntree Foundation.

Consideration

The Tool will consist of a spreadsheet and guidance on its use. The documents have not yet been

finalised and, as such, are not yet in the public domain.

The assessment tool has been built upon knowledge of the operation of the residential homes across the United Kingdom but it has been tailored to the specific situation in Wales in relation to the National Minimum Standards for Care Homes for Older People issued by the Welsh Assembly Government.

Within the framework of the Commissioning Guidance it will be open to each Local Authority to decide how it will utilise the tool. It is not envisaged that it will directly establish the fees to be paid but rather to inform the negotiating process.

The Tool has a number of variables that can be adjusted to ensure that it reflects the circumstances of the particular local authority area. In applying the Tool it will be necessary to input local wage rates and land costs and designate a level of return on capital. The return on capital reflects commercial norms and is related to the level of risk borne by the business. The Tool enables an authority to assess the impact on fees of limiting the rate of return by reducing the level of risk, for example, by block contracting instead of spot purchasing places.

An authority could establish overall figures throughout its area or differentiate areas where there are higher land or wage costs. The assessment tool can also be applied on an individual home basis, which may be appropriate in areas of highly dispersed population where smaller homes with particular configurations of service would be more appropriate. In this way, for the first time, it provides a rational basis for assessing the realistic operating costs of homes but in a way that is flexible and adaptable enough to meet a wide variety of circumstances. This can then be related to wider considerations in commissioning, such as the development of alternative ways of meeting the needs of dependent elderly people, for example through extra care housing.

Financial Implications

The negotiation of fees is the responsibility of the commissioning body. The concept of the Tool is not to produce an overall benchmark figure for Wales.

There are no direct financial implications for the Assembly. Any potential funding issues that may be identified by local authorities, following the implementation of the tool, can be identified through the annual Expenditure Sub Group process.

Cross Cutting Themes

The Toolkit has been developed in partnership between local government, the independent sector and the Welsh Assembly Government. There are no issues arising from this paper that have implications for the principles of equality of opportunity or sustainable development.

Action for Subject Committee

To note progress on the development of the toolkit. I will continue to provide to the Committee an update on progress from time to time in my monthly reports to the Committee.

Jane Hutt

Minister for Health & Social Services