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Date: 28th February 2022

Dear Care Home Provider

RE: Sefton Council Annual Consultation on Care Home Fees

I am writing in order to commence formal Sefton Council consultation with you on our proposed fees for the 2022/23 financial year.

Firstly, it is important to outline how the proposals and approach outlined in this letter link to the current cost of care exercise that has been commissioned from ARCC-HR Ltd, which as you are aware is independent of Sefton Council and is being conducted as a joint exercise with Health.

The cost of care exercise is currently ongoing and, given feedback from the provider market and ARCC-HR Ltd, we opted to extend the engagement period as opposed to truncating the timescales for this engagement. As such, we are conscious the full findings will not be available by the end of the current financial year and anticipate the results of the exercise will be made available soon after the decision-making timescales outlined below, for subsequent consideration by Sefton Council and Health.

Please also note that our Health colleagues are currently working with other Clinical Commissioning Groups regarding their approach to fee increases, however they will also be working with the Council on this work during the course of the consultation timeline outlined below.

In the meantime, we do however recognise cost increases in the market are apparent as of now, and therefore, rather than delaying our formal consultation, we are following the typical fee setting and consultation processes in parallel with the engagement and analysis work gathered from the cost of care exercise.

With respect to the proposed Sefton Council 2022/23 fee rates specifically, it is firstly important to

highlight that whilst the fee increase process will follow a similar approach to previous years, there has been a change to the formula used to calculate proposed increases in part recognition of market pressures.

This change has firstly been made following initial strategic feedback from the market as part of the cost of care exercise, regarding the percentage 'split' between Staff and other costs, and to also reflect the additional cost pressure of the increase to National Insurance. Previously, this split was calculated based on a 65/35 split. However, following the initial feedback it has been amended to a 70/30 split to reflect that staff costs are typically higher than 65% of total costs.

Whilst this would result in a calculation being made of 70% of the 6.62% National Living Wage increase (resulting in a 4.63% staffing element increase), this has been further amended to take into account the increase to National Insurance thresholds. It has been calculated that this will add an estimated 0.47% to pay bills and as a result a total increase of 7.09% has been applied to the 70% staffing element, resulting in a 4.96% increase to this element of the proposed fee increase (i.e., 70% of 7.09% = 4.96%).

This results in an increase to the percentage fee increases that would have been applied if using the previous 65/35 percentage split, as outlined in the following table:

Table detailing proposed 2022/23 care home fee increase calculations

	Previous Percentage Split Calculations		New Percentage Split Calculations Used for 2022/23 Fee Proposals	
	Staffing	Other Costs	Staffing	Other Costs
% of Total Costs	65	35	70	30
% Increase	7.09%	5.5%	7.09%	5.5%
Narrative	<i>To reflect both NLW and NI increases (70% of 6.62% NLW increase + 0.47% NI Increase)</i>	<i>CPI Rate – February 2022</i>	<i>To reflect both NLW and NI increases (70% of 6.62% NLW increase + 0.47% NI Increase)</i>	<i>CPI Rate – February 2022</i>
Deflated % Increase	4.61%	1.93%	4.96%	1.65%
Overall Proposed Fee Increase	6.54%		6.61%	

As a result of the above, the Council are proposing a **6.61%** increase to fees resulting in the following rates (with effect from 1st April 2022):

Table detailing proposed 2022/23 care home fee increases

	Residential Care	EMI Residential	Nursing	EMI Nursing
2022/23 Proposed Fee	£558.11	£631.47	£573.91	£637.85
<i>2021/22 Fee</i>	£523.51	£592.32	£538.33	£598.30
<i>Weekly Increase</i>	£34.60	£39.15	£35.58	£39.55
<i>% Increase</i>	6.61%	6.61%	6.61%	6.61%

Please note the following:

- Nursing figures do not include Funded Nursing Care
- Any existing placements which are costed based on an individual Service User assessment will be increased based on the same percentage uplifts detailed in the table above. However, please note that the Council are exploring the implementation of new mechanisms to calculate and formulate fee levels for individually assessed Service Users
- Fees will be applicable from 1st April 2022

As part of this consultation process the Council wishes to particularly receive and consider your feedback in relation to the following questions:

1. Whether the level of proposed fees set out will cover the cost of meeting assessed care needs within an efficient residential/nursing home for the period from 1st April 2022 to 31st March 2023; and
2. If you do not agree with the above rates and in particular, if you consider that they will not cover the cost of meeting assessed care needs within an efficient residential/nursing home, please outline why and provide any supporting information that you feel may be pertinent.

In addition, as part of the consultation we will also be holding a Microsoft Teams event with Providers on **Tuesday 8th March 2022 – 1pm to 2pm**. The link to this meeting is:

[Click here to join the meeting](#)

The following plan/timeline outlines the next steps of the Consultation and decision-making process:

Ref	Action	Target Date
1	Confirm Proposals and Process to All Providers (<i>Letter to all providers to confirm proposals and consultation process</i>)	28 th February 2022
2	Period for Consultation Responses from Providers (<i>Providers to supply comments, information and evidence on the matters consulted on</i>)	28 th February 2022 – 10 th April 2022
3	Consultation event with Providers	8 th March 2022
4	Assessment and Analysis of Responses (<i>Assessment and analysis of comments, information and evidence supplied by Providers together with other information available to the Authority</i>)	11 th April 2022 – 22 nd April 2022
5	Work on proposals and Cabinet report (including draft Cabinet report internal review and FD/LD stages, and production of supporting documentation).	23 rd April 2022 – 8 th May 2022
6	Deadline for Cabinet report to be submitted	9 th May 2022
7	Letter to all Providers (<i>signposting them to Cabinet report - published the week in advance of the meeting</i>)	19 th May 2022
8	Cabinet Decision	26 th May 2022
9	2022/23 Fees Published (<i>Following expiry of “call-in” period for Decision</i>)	3 rd June 2022

The Consultation period will run until **Midnight on Sunday 10th April 2022** so please ensure that all responses are returned by this time in order for them to be taken account of in our decision-making process. Please advise me if you have any issues with this proposed timeline.

Please return your comments by e-mail to commissioningandcontracts@sefton.gov.uk

Once the consultation period has closed, we will give full consideration to any responses received before submitting a report to Cabinet for decision.

I would like to take the opportunity to thank you for taking the time to consider this matter and to respond to this consultation.

Yours Faithfully



Deborah Butcher
Executive Director of Adult Social Care and Health