By email

Dear

I am writing to you with regard to the Health Board’s fees for Funded Nursing Care (FNC) and Continuing Healthcare (CHC) for 2016/17 and also the fees for 2014/15 and 2015/16 which will need to be reset following the recent Court of Appeal judgment.

With regard to FNC the judgment confirmed the concession made by the Welsh Health Boards at the earlier hearing, that Health Boards will have to pay for nurses’ ‘standby time’ in addition to the current FNC rate going back to 2014/15. Laing & Buisson calculated for the Welsh Health Boards in 2013 that the 'standby time' was costing providers around £5.69 per resident per week. Since then, many nursing homes in Wales have had to increase what they pay nurses above and beyond normal wage inflation, because of the national shortage of nurses, and so these costs in 2014, 2015 and 2016 are likely to have been even higher than in 2013. The judgment indicates that providers have for themselves borne this proportion of costs as well as that of nurses’ time undertaking other tasks. The nursing home market in Wales is not stable and the earliest indication of fees to be paid would be most welcome. I am writing to the local authorities in similar terms, with regard to their proportion.

I would also remind you of Paragraph 37 of the NAFWC 25/2004 NHS Funded Nursing Care in Care Homes - Guidance 2004 which deals with the determination of the total amount to be paid for NHS Funded Nursing Care it clearly identifies that there should be no gap between local authority and NHS provision.

*“37. Providers, local authorities and Local Health Boards will need to agree a total funding package that takes into account the NHS contribution. When making arrangements for residential care for an individual under the National Assistance Act 1948, local authorities are responsible for the remaining costs of accommodation and personal care. There should be no gap between local authority and NHS provision.”*

With regard to CHC, the Laing and Buisson report of 2013 found that “the average level of support required for CHC residents tends to be materially higher than FNC residents” and calculated the cost at £33 more per week. We cannot afford to leave CHC rates until the FNC rate is resolved. This is now beyond urgent. The sector is already unstable as the recent closure of nursing homes has indicated and there are increased pressures on providers now from the increases in pay rates. The introduction of National Living Wage means that there will be an increase of 10.8% in minimum wage over a year. This will impact the pay rate of most staff (except Nurses and Managers) in Care Homes as a result of the need to maintain pay differentials.

Providers are also experiencing significant cost increases for nursing staff as a result of the acute nursing shortages. This has led to higher nurses’ pay rates and an increase in reliance on expensive agency cover.  Given that CHC residents have greater needs than FNC residents they generally require greater staff input, which is not recognised in the current standard fees paid and this issue is compounded as hourly staffing costs continue to increase disproportionately both for nurses and carers.

We cannot emphasise enough the fragility of the sector and the need for fees that truly reflect costs in line with Welsh Government Commissioning Guidance. Providers are in a position where they do not know what their income will be going forward into the next financial year yet are required to give private payers a month’s notice of any fees increase. They are also required to report themselves to CSSIW if they are not financial unviable. Until Health Board fees are set, it is almost impossible for them to have enough information to do this. I am sure I do not need to spell out the impact on the Health Board, were more providers to exit the market.

I look forward to hearing from you further on these matters at the earliest opportunity.

Yours sincerely



Melanie Minty

Policy Advisor

cc