

Appendix B – Financial Summary

The key financial implications of the proposed fees are summarised below:

£'000

1) Gross Budget 2014/15

9,934

2) Average Costs Open Book Review - Option D

	No clients	Weekly Fee	Annual Cost
		£	£'000
Nursing	184	615.71	5,891
Residential and Dementia	212	537.86	5,929
TOTAL	396		11,820

3) Fee reduction to meet budget pressures - Option A (recommended)

(16.0%)

	No clients	£/week	Reduction	Revised Cost
		£	£	£'000
Nursing	184	518.00	(98.58)	4,956
Residential and Dementia	212	451.75	(86.11)	4,980
Total	396			9,936

4) Variance Recommended Fees to Current Fees

	Current Fees	Proposed	Fee Change up / (down)	% variance
	£	£	£	%
Residential and Dementia *	445.89	451.75	5.86	1.3%
Nursing	570.24	518.00	(52.24)	(9.2%)

* weighted average fee for residential & dementia based on budget client ratio

A breakdown of the component elements of the recommended and alternate options and annual saving / cost is shown below:

A) Average cost reduced by 16% for budget pressures (recommended option)

	Clients	OBR rate	Annual Cost / (Saving) £000	Impact 2014/15* ¹ £000
Nursing	184	518.00	4,956	
Residential & Dementia	212	451.75	4,980	
Total	396		9,936	
Budget			9,934	
Cost / (Saving) Pressure			2	260

B) Average bottom 50% OBR

	Clients	OBR rate	Annual Cost / (Saving)	Impact 2014/15* ¹
Nursing	184	545.07	5,215	
Residential & Dementia	212	463.64	5,111	
Total	396		10,326	
Budget			9,934	
Cost / (Saving) Pressure			392	292

C) Current Fee

Cost / (Saving) Pressure			296	296
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D) OBR average cost

	Clients	OBR rate	Annual Cost / (Saving)	Impact 2014/15
Nursing	184	615.71	5,891	
Residential & Dementia	212	537.86	5,929	
Total	396		11,820	
Budget			9,934	
Cost / (Saving) Pressure			1,886	1,258

E) Lowest single cost provider

	Clients	OBR rate	Annual Cost / (Saving)	Impact 2014/15
Nursing	184	507.99	4,860	
Residential & Dementia* ²	212	401.21	4,423	
Total	396		9,283	
Budget			9,934	
Cost / (Saving) Pressure			(651)	(205)

*¹ Assume fee increase applies from 1st August / fee decrease age out based on

*² Selected lowest dementia care provider- lowest cost is residential only

Benchmarking comparison

The Courts have made it clear that benchmarking must not be used as a determinant in setting a local authority's usual price. This is because what other council's pay for care is not related to the actual costs of providing care in Herefordshire (and, indeed, may or may not reflect actual costs in the comparator). However, an understanding of the rates paid by other local authorities is useful in giving greater context to any proposals under consideration.

Comparison to Average Costs of Neighbouring Authorities

	Benchmark *	Proposed	Proposed Fee (above) / below average benchmark	% (above) below benchmark average
	£	£	£	
Nursing	442.63	518.00	(75.37)	(17.0)%
Residential and Dementia	412.71	451.75	(39.04)	(9.5)%

* Shropshire use quality rating fee banding - for benchmarking purposes have used average for 2 & 3* fees as this equates to current average rating for Shropshire homes

*1 Nursing fees excluding FNC

It should be noted that one of the three neighbouring authorities have not yet confirmed fees for 2014/15 and therefore the average costs used may be subject to variation.

Lowest and Highest Cost Neighbours

For comparison the lowest and highest costs across the three neighbouring authorities are shown below and shows that the rates are not only above the average but in line with Gloucestershire which is currently also in consultation about fees (those shown are as per the published consultation document)

Weekly Fees - Lowest and Highest Cost Neighbours	Herefordshire	Shropshire*	Gloucestershire
	Proposed	Lowest Cost	Highest Cost
Nursing	518.00	365.15	504.00
Residential and Dementia	451.75	347.78	468.00

*Shropshire use a star rating system and shared rooms. Rates quoted based on single occupancy zero star rating