

AGENDA ITEM No. 5
.....

NORTH LANARKSHIRE COUNCIL
REPORT

TO: Social Work Committee	Subject:
FROM: Jim Dickie Director of Social Work	COMMUNITY CARE PLANS : DIRECTIONS ON INFORMATION CIRCULAR NO SWSG 2/97
DATE OF COMMITTEE: 22nd April 1997	
REF: CM/AG	

1. PURPOSE OF REPORT

- 1.1 This report provides members with details of the new requirements contained within Circular SWSG 2/97 (Community Care Plans : Directions on Information).

2. BACKGROUND

- 2.1 The circular is set in the context of the NHS and Community Care Act 1990 which requires Councils to prepare community care plans at three yearly intervals. Plans must contain details of purchasing intentions from all sectors. There is a requirement to formally consult on these plans and review them annually.

3. CONTENTS OF CIRCULAR

- 3.1 The financial information required for joint community care plans is:
- the planned volumes of care the Council proposes to purchase from each sector (voluntary, private and local authority);
 - the cost to the authority of each unit of service;
 - the cost to the authority of the purchases from each sector.
- 3.2 Furthermore, Councils must estimate the additional costs incurred by placing people in local authority homes rather than in the independent sector, and place this information before Social Work and Finance Committees.
- 3.3 The appendix to this report consists of a schedule on which this information should be shown.

4. IMPLICATIONS OF IMPLEMENTATION

- 4.1 North Lanarkshire Social Work Department welcomes the concept of transparency concerning unit costs and accepts the need to justify comparison of gross costs of Council provision with that of other providers.

- 4.2 The Circular, however, goes beyond the requirement to compare the gross cost of local authority provision with that of the independent sector and introduces a requirement to compare the net cost to the authority, taking account of the client contribution. The main difference in a person's ability to contribute towards the cost of their own care whilst in a local authority home is that someone living in local authority care is not eligible for the residential allowance component of income support payable through DSS (the sum of £56 per week), unlike someone living in an independent sector establishment.
- 4.3 Differences in current funding arrangements lie entirely within the gift of the government to change. Funding across sectors would be equalised if the residential allowance was paid to people living in local authority establishments, though this would, of course, have the effect of increasing DSS spending on residential care. The Department would have no objection to this course of action provided it could be assured that this would have no effect on levels of future funding to local authorities.
- 4.4 It is also important to recognise that there are significant problems comparing cost differences between local authority and independent sector provision, namely:
- ♦ that the quality and style of care provided by local authority homes are quite different from that provided by the private sector, as is often reflected in the expressed preferences of services users;
 - ♦ that salary levels and conditions of service in local authority homes are invariably better than those in the private sector;
 - ♦ that there is a whole range of prices charged within the independent sector, none of which necessarily reflects the actual cost of providing a service; meaningful comparisons cannot be made without this information.
- 4.5 The implication of the Circular is that Councils will be able to make better use of their resources if they increased the proportion of residential care purchased from the independent sector at the expense of public sector provision. However, the estimated savings figure to be published by taking this course of action does not take into account any of the following considerations:
- the overheads and capital costs that would not be saved;
 - ♦ that the transfer of existing homes to new owners would carry protected conditions for staff, as per TUPE regulations;
 - ♦ any redundancy costs incurred;
 - the restricted eligibility to DSS benefits for residents already living in homes that transfer into new ownership;
 - the likelihood of price increases within the independent sector if public sector provision is withdrawn;

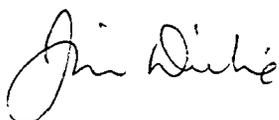
- the costs of implementing the transition from public to independent sector care for vulnerable people.

5. CONCLUSION

- 5.1 The Directions on Information, though issued with minimal consultation, take immediate effect. The clear intention of the Circular is to encourage Councils to dispose of their own residential care provision for older people. This would result in the care of residents transferring into the independent sector and thus becoming eligible for a higher level of DSS support - in effect a transfer of responsibilities from local authorities to the DSS.
- 5.2 It is a source of concern that the Circular promotes the view that the "mixed economy of care" should exclude public sector provision, in contradiction to the previously issued Directions on Choice.
- 5.3 Implementing the Directions requires a future report to be brought forward to Committee. This will contain the necessary data, together with a detailed explanation of the information provided.

6. RECOMMENDATIONS

- 6.1 Committee is asked to note the contents of this report.



Jim Dickie
Director of Social Work
4th April 1997

For further information on this report please contact, Duncan Mackay, Principal Officer (Planning & Development) (TEL: 01698 332067)

SCHEDULE

COMPARISON OF PROJECTED COSTS OF RESIDENTIAL CARE FOR OLDER PEOPLE FOR THE YEAR 199 /9

	Council Homes	Independent Homes
--	----------------------	--------------------------

Average gross cost to the Council per person per week. (a)

Projected number of older persons wholly or partly funded by the Council averaged over the year

Cost comparison(b)

The Council proposes to provide residential care for older people in 199 -9 in its own residential homes. In some of these homes the cost will exceed the price it proposes to pay for residential care in the independent sector. In 19 /9 it is estimated that the additional costs for providing care in these homes rather than in the independent sector will be £

(a) The gross cost of Council homes is calculated according to COSLA and CIPFA guidance. The cost of independent sector homes is the gross amount the authority would pay homes for residential care without nursing (ie not nursing homes) In both cases DSS benefits and income from residents or third parties is not included.

(b) These levels of savings may not be available immediately as changes to the provision of care should be made sensitively and there are transitional costs.

11 03 97 1539