

To: SOCIAL WORK COMMITTEE		Subject: ALLOCATION OF ADDITIONAL RESOURCES FOR CARE HOME FEES/COUNCIL APPROVED RATES
From: JIM DICKIE DIRECTOR OF SOCIAL WORK		
Date: 9 May 2002	Ref: DOD/EOC	

## 1. PURPOSE OF REPORT / INTRODUCTION

- 1.1. To advise Committee of the outcome of national and local negotiations regarding residential and nursing care rates and to advise of a proposed approved rate for care homes.

## 2. BACKGROUND

- 2.1. Historically, Council Approved rates for residential and nursing care homes have been set at the same levels as DSS rates. From April 2002 DSS monies for that purpose, with minor exceptions, have transferred to local authorities.
- 2.2. Discussions regarding the basic care costs for residential and nursing care have been ongoing over the past year. In July 2001, on the basis of negotiations between local providers and the Council and with additional funding made available by the Executive, North Lanarkshire Council increased its approved rates on an interim basis by £10 per person per week, backdated to November 2000. This amounted to a rate increase from that date from £340 to £350 pppw for nursing home services and from £262.40 to £272.40 pppw for residential care services. Those increases were conditional on providers retaining the same proportion of overall bed spaces available to the Council at contracted prices.
- 2.3. In autumn 2001 a National Review Group (NRG) comprising COSLA, Scottish Executive and Scottish Care (independent sector residential and nursing providers) representatives was set up to establish basic care costs and to define an appropriate fee structure for residential and nursing care services.
- 2.4. The NRG reported in late November 2001. Since then a tripartite group representing the interests of COSLA, Scottish Care and the Executive has met on a regular basis to seek agreement based on main findings of the NRG.
- 2.5. Local discussions have taken place involving the Head of Social Work Resources and Scottish Care representatives. To date these have been unable to achieve agreement on the implementation of the funding proposals set out by the Executive.

### **3. PROPOSALS FOR THE IMPLEMENTATION OF THE NATIONAL AGREED INCREASE TO CARE HOME FEES**

- 3.1. On 24 April 2002 the Executive issued revised guidance on the fee levels to be applied to care homes.
- 3.2 The proposed settlement which has been agreed by COSLA falls into two parts. A backdated payment for the year 2001/02 and a fee increase for the year 2002/03.
- 3.3 A backdated payment of £15 per week for each placement from 1 July 2001 to 31 March 2002 is proposed. The cost of the backdated payment is to be met in full by the Scottish Executive.
- 3.4 The proposed fee level increases for 2002/03 make no distinction between residential homes and nursing homes nor between single and multi-occupancy rooms.
- 3.5 The proposal is that a flat rate increase of £25 pppw be paid from April 2002.
- 3.6 The Executive's contribution towards the increase will be £21.98 pppw, with local authorities expected to meet the balance of £3.02. Costs to the Department of funding the £3.02 flat rate increase will be £192,000 per annum.
- 3.7 The settlement is an interim agreement. Further work will be undertaken during the coming months to agree a final settlement during the year 2003/2004.
- 3.8 As from 1 April 2002, in addition to monies from the Executive, changes in benefit arrangements give Councils access to minimum income guarantee monies of approximately £6.35 pppw.
- 3.9 It is proposed that this increased contribution from the clients be passed on in full to providers thus allowing the bed rates to be increased by £31.35 per week. (£25 flat rate increase above plus £6.35 increased client contribution.
- 3.10 This would increase the rates for placement at the Local Authority approved rate to £381.35 pppw for nursing homes and £303.75 pppw for residential homes.

### **4. FINANCIAL IMPLICATIONS**

- 4.1. The Department is keen to ensure the continued availability of rooms at contracted rates. A number of residential and nursing services apply additional charges above the base rate. These range between £3.00 and £64.00 pppw.
- 4.2. The Scottish Executive proposals will not have any direct impact upon altering the charging regime of those service providers who have levied third party charges prior to 31 March 2001. It is envisaged, given the substantial increase in rates since November 2000, that those providers who did not apply a third party charge prior to March 2001 will not require a third party contribution in the coming year and those who previously did so will consider revising their position. Issues regarding third party contributions are still under discussion with providers.
- 4.3. The costs of implementing the above will be funded in the main from additional grant received from the Scottish Executive and from increased client contributions.
- 4.4. The net cost to the Department will be £192,000 as per point 3.6 above. This costing has been taken into consideration as part of the Council's budget setting process for financial year 2002/03.

## 5. RECOMMENDATION

5.1 Committee is asked to:

- (i) note the contents of this report
- (ii) approve proposed rates as set out in Section 3.10 above subject to the Director of Social Work satisfactorily concluding his discussions with providers on the issue of third party contributions.



R.P. **Jim Dickie**  
**Director of Social Work**  
**7 May 2002**

*For further information on this report please contact Ronnie Paul, Head of Social Work Resources TEL: (01698 332023)*