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| To: SOCIAL WORK COMMITTEE     |              | Subject: APPROVED RATES FOR CARE HOME FEES 2003-2004 |
| From: DIRECTOR OF SOCIAL WORK |              |  |
| Date: 5 JUNE 2003             | Ref: DOD/EOC |  |

**1. PURPOSE OF REPORT**

- 1.1. To advise the Committee of a proposed approved rate for independent sector residential and nursing homes.

**2. BACKGROUND**

- 2.1. A National Review Group (NRG), charged with setting fee rates and an annual uprating mechanism for residential and nursing homes, first reported in November 2001. That group comprised representation from the Scottish Executive, COSLA and Scottish Care. NRG proposals were fully implemented by North Lanarkshire Council at that time when the following increases were applied.

|                  | 2001/2002 | 2002/2003 |
|------------------|-----------|-----------|
| Nursing home     | £331.35   | £381.35   |
| Residential home | £260.00   | £303.75   |

- 2.2. The net increase applied in year 2002/03 gave recognition to concerns from independent sector providers about escalation of utility, staffing and regulatory costs and other costs associated with compliance to national care standards for care homes.
- 2.3. Further, it was agreed that the tripartite representation of COSLA, Scottish Care and the Scottish Executive would seek to negotiate a national rate for the year 2003/04.

**3. NATIONAL RATES FOR CARE HOME FEES**

- 3.1. Following protracted discussions a national agreement on care home rates was reached on 26 March 2003 and resources for its implementation transferred to local authorities. Details of that settlement are attached as Appendix One.
- 3.2. The agreement proposed different rates for single and shared accommodation, this in recognition of shifts towards raising care home standards. The agreement outlined the following benchmark rates:

£406 per week for nursing home places  
 £346 per week for residential home places

Places in shared rooms were to be £20 less.

## 4. IMPLEMENTATION OF THE AGREEMENT

- 4.1. The agreement refers to home owners' compliance with regulations and guidance in relation to the application of top-up payments. These are payments over and above the Council approved rate, agreed between the provider and the resident or family member. In North Lanarkshire these payments can vary between £4 and £50+, but commonly are set close to the rate of personal allowance paid to residents.
- 4.2. North Lanarkshire Council has, in recent years, sought to ensure that places are available to North Lanarkshire people at rates which do not attract top-up payments, so removing that additional financial burdens on residents or their families.
- 4.3. The increases applied between 2001-02 when nursing home and residential rates were £331.35 and £260 respectively to the current £406 and £346, in the view of officers' represent considerable movement towards an acceptable care home rate. These amount to increases of 22.5% per person per week in nursing homes rates and 33.1% per person per week in residential services.
- 4.4. The benchmark rates of £406 and £346 and associated guidance is interpreted by senior officers as providing care home rates which allow for the purchase of a basic care package in line with national standards. On that basis efforts have been made to reach agreement with individual proprietors that acceptance of the offer is conditional on their adoption of a position not to apply top-ups to people admitted to care homes after 7 April 2003.
- 4.5. Guidance will allow top-ups to be applied in certain specific circumstances. Such arrangements would be underpinned by client choice, assessment of sustainability and with the Council's prior agreement
- 4.6. In recognition of the specific transitional difficulties experienced in reducing shared rooms, officers propose that a reduced differential from that outlined in the national agreement be applied. Reduction of the differential from £20 to £15 would reduce the immediate the impact for providers whose homes largely provide shared bedroom accommodation.

### North Lanarkshire Council offer

- 4.7. On 2 April 2003 correspondence was sent to all care home owners outlining the conditional offer based on the national rates, outlined at 4.4 and 4.6 above. The alternative of applying an uplift of 2.9% in line with the annual Retail Price Index (RPI) increases was given as an alternative option.

### Response from home owners

- 4.8. To date a small number of proprietors have accepted the offer without reservation. The majority of Lanarkshire home owners, whilst indicating acceptance of the offer, have indicated rejection of conditions.
- 4.9. It has emerged that whilst the national agreement was part-brokered by Scottish Care, the local branch are now acting on behalf of Lanarkshire proprietors in relation to its implementation. An early meeting is scheduled between senior officers and national and local Scottish Care representatives to seek a solution.

## 5. INTERIM PROPOSALS

- 5.1. Where care home owners do not accept the conditions attached to the national offer, it is proposed that this Council will continue to pay at 2002/03 levels whilst negotiations continue. Where the terms of the offer have been agreed the revised 2003/04 rates will be implemented forthwith. Where owners fail to respond it is proposed that an increase at the RPI rate will apply.

## 6. FINANCIAL IMPLICATIONS

- 6.1. The cost to the Council of implementing the national increase will be met from the £2,109,000 funding provided by the Scottish Executive. These monies are ring fenced for funding places in Nursing and Residential Care Homes.
- 6.2. Financial implications arise for prospective residents and their families in meeting weekly top-up costs in the event that the terms of the national agreement are not fully implemented.

## 7. RESPITE CHARGES

- 7.1. For year 2003/04, it is proposed that the standard charge for respite services to Council funded clients (ie standard weekly client contribution) for respite care in independent sector services should be £59.95.

## 8. RECOMMENDATION

- 8.1. Committee is asked to:
  - (i) note the terms of this report.
  - (ii) authorise officers to continue to negotiate with Scottish Care in reaching a settlement.
  - (iii) approve the rates outlined in Section 3.2 and the differential for shared rooms as outlined at 4.6.
  - (iv) approve the authorised respite charge as outlined in Section 7.1.
  - (v) approve the application of a 2.9% inflationary increase for the homes which do not accept the terms of the national agreement.



**Director of Social Work**  
12 May 2003

*For further information on this report please contact Dennis O'Donnell, Monitoring and Standards Manager TEL: (01698 332058)*

## Care Home Fees

On Wednesday, 26 March Scottish Executive and COSLA officials met Scottish Care to discuss care home fee levels from 1 April 2003 and beyond. This joint statement records the main points discussed at the meeting.

### 2003/04 Settlement

In discussion we **agreed** the following:-

- A benchmark figure of £406 per person per week for nursing care and £346 for residential care, when the places are in single rooms. For places in shared rooms the prices will be £20 less.
- This package will amount to £79.4m, which will be jointly funded by the Scottish Executive and COSLA.
- The Care Home industry will comply with the Community Care Additional Payments (Scotland) Regulations 2002 and related Guidance in relation to top ups by residents and third parties.
- All resources for free personal and nursing care must be used solely for the benefit of clients within the provisions of the Community Care and Health (Scotland) Act 2002, together with appropriate Regulations and Guidance by Scottish Ministers.

## Future Years

In relation to future years we **agreed** the following:-

- A working group is to be established to consider a mutually acceptable framework for assessing the costs of providing nursing and residential care for older people in different parts of Scotland.
- The working group will take account of all relevant statutory and regulatory requirements, and also of Local Authorities budgetary position.
- This working group will consist of representatives from COSLA and the Independent sector. The Scottish Executive will have observer status.
- The working group will meet before the end of May, where the terms of reference will be agreed, with a report to be presented by the end of September.

Frank McAveety  
Deputy Minister for Health &  
Community Care

Pat Watters  
President, COSLA

Joe Campbell  
Chairman & Chief Executive,  
Scottish Care