

**ANGUS COUNCIL**

**POLICY AND RESOURCES COMMITTEE – 7 JUNE 2016**

**REVIEW OF FEES AND ADDITIONAL SERVICE CHARGES FOR CARE HOMES**

**REPORT BY VICKY IRONS-CHIEF OFFICER ANGUS HEALTH AND SOCIAL  
CARE PARTNERSHIP**

**ABSTRACT**

This report advises committee of the revised standard fees and additional service charges proposed for care homes for 2016-17 and requests committee's approval of these.

**1. RECOMMENDATION**

It is recommended that the Policy and Resources Committee:

- (i) approves the revised standard fees and additional service charges for care homes

**2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/SINGLE OUTCOME AGREEMENT/COPORATE PLAN**

This report contributes to the following local outcome contained within the Angus Community Plan and Single Outcome Agreement 2013-2016:

- 8. We have improved the health and wellbeing of our people and inequalities are reduced

**3. BACKGROUND**

- 3.1 Each year the fees and charges for specific services are reviewed in line with statutory requirements, guidance and Angus Council policy and revised if appropriate.
- 3.2 This report sets out charges to be applied to standard care home fees, including additional service charges, and the procedure for agreeing non-standard rates.
- 3.3 As well as the standard rates paid for residential and nursing care, up to the nationally agreed rate, Angus Council currently pays a number of non-standard rates. The non-standard rates outwith Angus are based on the rates agreed by the relevant host local authority where the care home is situated or they are particular rates based on the additional assessed needs of a particular resident. Those rates applicable to specific individuals are not increased without detailed reviews being undertaken

**4. CURRENT POSITION**

**4.1 Residential and nursing charges**

Charges for residential and nursing accommodation are governed by the National Assistance (Assessment of Resources) (Scotland) Regulations 2003 (as amended) and the National Assistance (Assessment of Resources) Regulations 1992 (1992 Regulations).

Fees for such residential and nursing home placements are reviewed and set by the local authority each year. Care home services are procured under the National Care Home Contract. In recent years fees for private and voluntary residential and nursing homes have been agreed nationally between COSLA and care home providers and Angus Council is party to this national agreement. In line with the National Care Home Contract fee negotiations for 2016/2017 the contract rates will be subject to an uplift of 2.5% from 11<sup>th</sup> April 2016 and a further uplift of 3.9% from 1<sup>st</sup> October 2016. This further uplift is conditional on care home providers paying all care workers regardless of age, experience or time of employment a minimum of £8.25 from 1<sup>st</sup> October 2016 for the remaining period of the contract. This results in a cumulative uplift of 6.5% from 1<sup>st</sup> October 2016.

#### 4.2 **Additional Service Charges for Private and Voluntary Sector Residential and Nursing Homes**

These were introduced as part of the National Quality Award conditions in 2007/2008. They are defined as “charges for facilities, goods and services that are significantly and demonstrably higher than those expected by Care Standards”. These charges are paid either by care home residents or by third parties on their behalf. Angus Council is not liable for payment of these charges but is responsible for agreeing that such charges are reasonable. In line with the recommendation above in relation to care homes fees, it is recommended that these rates be subject to an uplift of 2.5% from 11<sup>th</sup> April 2016 and a further uplift of 3.9% from 1<sup>st</sup> October 2016. The Additional Service Charges considered reasonable are shown in Appendix 1.

4.3 Rates are paid for placements in private and voluntary sector homes subject to care homes accepting and meeting quality conditions. The quality conditions are derived from scores achieved in Care Inspectorate Reports and Angus Council’s has agreed procedures for reducing or removing awards where care homes do not meet the requirements.

### 5. **PROPOSALS**

It is proposed that the revised standard fees and additional service charges for care homes are applied from 11 April 2016 and then revised further from 1<sup>st</sup> October 2016 as above .

### 6. **FINANCIAL IMPLICATIONS**

The financial implications are set out below :-

#### Residential and Nursing Home Services Provided by Private and Voluntary Sector

The increase in the payments to Private and Voluntary homes will result in estimated additional expenditure of £1,027 million based on 2015/16 outturn prices. Notably this forecast is based on the number of residents as at 31/03/16.

This position for 2016/17 is as follows: -

	2016/17 Impact
<b>Additional Costs</b>	<b>£000</b>
Outturn Value 2015/16	22,823
2.5% Uplift from 11/4/16	571
3.9% Uplift from 11/10/16	456
Total Uplift Impact to be funded in 2016/17	1,027
<b>Expected Outturn for 2016/17</b>	<b>23,850</b>

A funding package is in place which will in part cover this increase. The total funding from which monies can be drawn is outlined below. However the funds available are not exclusively for residential care uplifts. Further work is required on how these monies require to be allocated across Adult Services. Once this exercise is completed it will be possible to identify the size of any shortfall in funding should that position occur.

<b>Funding</b>	<b>£000</b>
3 <sup>rd</sup> Party Inflation Ear mark (Angus Council)	520
Low Pay (Held by NHS)	1,100
<b>Additional Funding</b>	<b>1,620</b>

It is recognised that the additional costs of the uplift would attract increased income as part of the current charging process. This would in part mitigate the additional costs albeit the financial benefit from this additional income would be marginal. These will be confirmed during further work nonetheless and impact will be at the fringes.

The baseline prior to any uplift in respect of 2017/18 equates to the full 6.4% rise. This represents both the 2.5% and 3.9% extrapolated to cover the full year rather than the phased increase which will accrue in 2016/17. This is outlined below:-

	2017/18 Impact
<b>Additional Costs</b>	<b>£000</b>
Outturn Value 2015/16	22,823
Full Uplift 6.4%	1,461
<b>Revised Value of Contracts from 1/4/17</b>	<b>24,284</b>

It should be recognised that there will be ,on balance of probabilities ,little change in the amount of income received from clients in respect of contributions. Essentially this is as a result of benefits levels remaining unchanged. There may be a minimal change in in respect of self funding clients and those under charging orders. These clients are in the minority and will have no material impact on the financial funding arrangements for the service provision.

The impact of 3<sup>rd</sup> party inflation and low pay is not limited to residential and nursing homes costs so there may be an overall shortfall in these earmarks and these inflation uplifts can not be reviewed in isolation against budgetary earmarks. The overall financial position will be challenging. This will be reviewed closely and will form part of the ongoing discussions between Angus Integration Joint Board and Angus Council regarding budgetary provisions.

#### Services Provided by Angus Council

Formal rates need to be agreed for in house residential home services. This is required for any charges made to third parties. Cost of service delivery is generally linked to Angus Council pay uplifts. For 2016/17 these pay costs have increased due to both annual pay inflation and the effect of national insurance changes. It is proposed to increase rates for Angus Council's own care homes by 1 %.

**NOTE:** No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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#### [Equality Impact Assessment](#)

List of Appendices:

Appendix 1 Residential Rates (from 11 April 2016)

## APPENDIX 1

### Residential Rates (From 11 April 2016)

**TABLE 1 - Fees for Private and Voluntary Sector Residential and Nursing Homes**

Table follows table has five columns and twenty two rows first six rows have headings.

Category	Rates from 11 April Standard Rate	Rates from 11 April Quality Standards Met Rate	Rates from 1 October Standard Rate	Rates from 1 October Quality Standards Met Rate
Residential Home (2015/16 value )	£537.79 (£505.46)	£540.29 (£507.96)	£558.77 (£524.67)	£561.27 (£527.17)
Dementia Care Units (2015/16 value )	£537.79 (£505.46)	£540.29 (£507.96)	£558.77 (£524.67)	£561.27 (£527.17)
(Residential) Nursing Home (2015/16 value )	£624.54 (£587.00)	£627.54 (£590.00)	£648.92 (£609.31)	£651.92 (£612.31)
Higher Dependency residential unit (specifically commissioned) Dorward House, Montrose (2015/16 value )	£834.72 (£784.55)	£837.22 (£787.05 )	£867.27 (£814.36)	£869.77 (£816.66 )

End of Table

**TABLE 2 - Additional Service Charges for Private and Voluntary Sector Residential and Nursing Homes**

Table follows table has four columns and nineteen rows first row has headings.

Additional Provision	2015/16	Charge 11 April	Charge 1 October 2016
Usable floor space above 12.5 m2 in a residents room where first registered before 1 April 2002	Up to £4.20 per m2 a week	Up to £4.31 per m2 a week	Up to £4.48 per m2 a week
Usable floor space above 14.75 m2 in a residents room where first registered on or after 1 April 2002	Up to £4.20 per m2 a week	Up to £4.31 per m2 a week	Up to £4.48 per m2 a week
En-suite with wash hand basin and w.c.	Up to £21.54 a week	Up to £22.08 a week	Up to £22.94 a week
En-suite with wash hand basin w.c. and bath	Up to £25.09 a week	Up to £25.72 a week	Up to £26.72 a week
En-suite with wash hand basin w.c. and shower	Up to £31.12 a week	Up to £31.90 a week	Up to £33.14 a week

Staffing levels permanently above that on a homes Care Commission staffing notice	Calculated on a case by case	Calculated on a case by case basis.	Calculated on a case by case basis.
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End of Table

**TABLE 3- Standard charges for local authority provision**

Table follows table has four columns and eight rows first three rows have headings.

<b>Category</b>	<b>Homes</b>	<b>Rates for 2015/16 per week</b>	<b>Rates for 2016/17 per week</b>
Older people	Kinloch, Seaton Grove, Beech Hill House	£570.60	£576.31
Learning disabilities	The Gables	£570.60	£576.31
Dementia Care units	Seaton Grove, Kinloch, Beech Hill House	£973.98	£983.71

End of Table