

DUNDEE CITY COUNCIL

REPORT TO: SOCIAL WORK COMMITTEE – 17 MARCH 2003

**REPORT ON: INTERIM PAYMENT RATES FOR INDEPENDENT SECTOR CARE HOMES
2003/04**

REPORT BY: DIRECTOR OF SOCIAL WORK

REPORT NO: 257 - 2003

1.0 PURPOSE OF THE REPORT

1.1 This report recommends interim payment rates for 2003/04 for independent sector care homes.

2.0 RECOMMENDATIONS

It is recommended that:

2.1 Payments made to independent sector nursing and residential homes be increased in line with the detailed recommendations attached as Appendix 2.

2.2 A further report is brought forward once the final outcome of national negotiations on fee rates is known.

3.0 FINANCIAL IMPLICATIONS

3.1 Provision has been made in the Council's revenue budget for 2003/04 which will be sufficient to meet the cost of implementing these proposals.

4.0 LOCAL AGENDA 21 IMPLICATIONS

None

5.0 EQUAL OPPORTUNITIES IMPLICATIONS

None

6.0 MAIN TEXT

6.1 Since April 1993 it has been the responsibility of local authorities to fund placements in independent sector residential and nursing homes where service users are assessed as being unable to meet the full cost of their placements.

6.2 The number of service users supported in the independent sector by the authority has increased significantly since the inception of Dundee City Council (see Appendix 1).

- 6.3 At the same time, the demand for placements has continued to rise, due to demography and the sustained effort to tackle delayed discharge. Nursing home placements for people with high dependency needs (e.g. dementia) are scarce and increasingly residential care for older people is becoming difficult to obtain.
- 6.4 Care home owners have continued to argue that a number of factors have increased their running costs significantly, including the requirements of National Care Standards, the financial implications of employment legislation, and the need to pay appropriate salaries in a competitive market. During 2001/02, these concerns were raised with the Scottish Executive and COSLA and a national review of fee rates was initiated.
- 6.5 This review is now nearing its conclusion and a national offer of increased fee rates for 2003/04 has been made. This offer has been accepted by the Church of Scotland and the Salvation Army but not by Scottish Care, which represents many private sector care home operators. The vast majority of the cost of implementing this offer will be borne by the Scottish Executive. It is not clear how long it will take to reach a final position, so it is recommended that Dundee City Council sets interim fee rates now, to take effect from 1 April 2003. Once the final outcome of the national negotiations are known, a further report will be brought forward.
- 6.6 **Care Homes for People Aged under 65:** Rates for placements for younger people are currently higher than those for older people, although there is no firm evidence that it is more expensive to care for younger people. These care homes were not included in the national review. It is therefore recommended that an inflationary increase only (2.5%) be applied to these homes.
- 6.6 **Care Homes for Older People:** The supply of nursing home places in Dundee is relatively good and Dundee City Council already purchases the majority of places available in these homes. It is therefore recommended that at this stage, an inflationary increase only (2.5%) be applied. This will maintain stability until the final outcome of the national review.
- 6.7 The position of residential homes is somewhat different. The number of available beds is reducing, as residential home operators are increasingly finding their businesses unsustainable. Two private homes in Dundee have closed over the last eighteen months. This sector is also likely to be hardest hit in terms of meeting the National Care Standards, as most are not purpose built institutions backed by large companies that can more easily raise capital to fund necessary investment. All of this is making it increasingly difficult to secure appropriate placements for people requiring residential care.
- 6.8 In recognition of this, and in an attempt to stem the decline in this sector, when fees were set for 2002/03 residential home operators were given a commitment that there would be a further increase of £25 per week from 1 April 2003. It was hoped that this advance notice would allow operators to plan for this increased income and would stabilise the sector. This strategy appears to have been effective and it is therefore recommended that the Council honour this commitment and increase fees by £25 per week. Again, this will be reviewed once the final outcome of the national review is known.

7.0 **CONSULTATION**

- 7.1 The Director of Support Services and the Director of Finance have been consulted in the preparation of this report.

8.0 BACKGROUND PAPERS

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

9.0 SIGNATURE

Director of Social Work

Date: 7 March 2003

APPENDIX 1

PERMANENT RESIDENTIAL AND NURSING HOME PLACEMENTS

OLDER PEOPLE	1 April 1996	5 March 2002	128 February 2003
Independent sector residential homes	89	127	141
Independent sector nursing homes	171	390	469
ADULT CARE			
Independent sector residential homes and supported accommodation	35	52	85
Independent sector nursing homes	25	44	105

The figures for 2003 include people with preserved rights who are now the responsibility of the local authority (128)

RECOMMENDATIONS

It is recommended that the Social Work Committee approves interim rates (per week) for payment to independent sector providers in 2003/04 as outlined below:

	Registered Residential Homes	Registered Nursing Homes
Older People	292	380
Drug / Alcohol Dependence	255	362
Physical Disability (under 65)	329	407
Learning Disability	291	371
En-suite Supplement	10	10
Shared en-suite supplement	5	5

These rates would take effect from 1 April 2003 and would apply regardless of in which local authority area the home is situated.