

DUNDEE CITY COUNCIL

REPORT TO: SOCIAL WORK COMMITTEE – 20 MAY 2002

REPORT ON: PAYMENT RATES FOR INDEPENDENT SECTOR CARE HOMES 2002/03

REPORT BY: DIRECTOR OF SOCIAL WORK

REPORT NO: 461-2002

1.0 PURPOSE OF THE REPORT

1.1 This report recommends payment rates for 2002/03 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 the Social Work Committee notes the action of the Director of Social Work in making payments of backdated fee increases for 2001/02.

2.3 residential homes for older people are advised that Dundee City Council intends to increase the weekly rate by a further £25 (minimum) from April 2003. This will allow these homes to plan for this increased income.

3.0 FINANCIAL IMPLICATIONS

3.1 Provision has been made in the Social Work revenue budget for 2002/03 and the provisional revenue budget for 2003/04 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 has now made recommendations on fee rates for 2002/03, which establish an interim position. The majority of the cost of implementing this interim position will be borne by the Scottish Executive (88%), with the remainder to be funded by local authorities. The review will continue over the current financial year, to negotiate a final position on fees, and the funding of this, to take effect from 2003/04.

Care Homes for People Aged under 65

- 6.6 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.

Nursing and Residential Homes for Older People

- 6.7 The national review has recommended that rates for nursing home care for older people should be increased by £25 per week from 1 April 2002. During 2002/03 further negotiations will take place to establish an appropriate fee for 2003/04 onwards. The current balance of supply and demand for nursing home care in Dundee is such that the flat rate increase recommended should be sufficient to maintain stability. At present the main constraint in placing people quickly is individual preference for a particular home, rather than the overall supply of placements.
- 6.8 The national review has also recommended a flat rate increase of £25 per week for residential homes from 1 April 2002. However, this is not considered sufficient to maintain stability in this sector. The number of available beds is reducing, as residential home operators are increasingly finding their businesses unsustainable. One private home has closed in the last year, with a further home in the process of closing. 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.
- 6.9 It is anticipated that the final phase of the national review will recommend a national minimum rate for residential homes, but that will not take effect until 2003/04 and negotiations have yet to take place on the funding of such a rate. In the interim, it is proposed that fee rates for residential homes for older people be raised by £10 per week, on top of the £25 flat rate increase recommended by the national review, with a commitment to a further £25 per week minimum increase from April 2003. It is anticipated that this will avoid any immediate worsening of the situation and further reductions in bed availability.

People with Preserved Rights

- 6.10 People who entered care homes prior to 1 April 1993 had preserved rights to special rates of income support. The local authority was not involved in their care assessment, nor responsible for funding these people. However, from 8 April 2002, the responsibility for the assessment, care management and funding of these individuals (137 people in Dundee) has been transferred to local authorities. This

transfer of responsibility has been accompanied by a transfer from the Department of Work and Pensions (DWP) of the resource they would otherwise have spent on funding these placements.

- 6.11 One consequence of this for the local authority is the need to harmonise fee rates. A variety of fees have previously been paid to these homes by DWP. There is often no clear rationale for the rates paid, and it is proposed that the opportunity be taken to assimilate the rates into the scale of rates agreed by Dundee City Council. The flat rate £25 increase for care homes for older people also applies to people with preserved rights, as the Scottish Executive advise that funding for this has been included in the resource transferred to the local authority from DWP.

Backdating of Rate Increases

- 6.12 Part of the interim settlement agreed between Scottish Executive, COSLA and care home providers allowed for backdating of part of the recommended increase. This means that each care home for older people will receive £15 per week per place occupied during the period 1 July 2001 to 31 March 2002, except for people with preserved rights. This backdated element has been fully funded by the Scottish Executive. Arrangements are in hand to make these payments to care homes.

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

14 May 2002

APPENDIX 1

PERMANENT RESIDENTIAL AND NURSING HOME PLACEMENTS

OLDER PEOPLE	1 April 1996	27 March 2001	15 March 2002
Independent sector residential homes	89	130	127
Independent sector nursing homes	171	384	390
ADULT CARE			
Independent sector residential homes and supported accommodation	35	34	52
Independent sector nursing homes	25	37	44

These figures exclude people who have preserved rights (137) and people whose placements are fully funded by resource transfer from NHS Tayside (24)

RECOMMENDATIONS

It is recommended that the Social Work Committee approves rates (per week) for payment to independent sector providers in 2002/03 as outlined below:-

	Registered Residential Homes	Registered Nursing Homes
Older People	267	371
Drug/Alcohol Dependence	249	353
Physical Disability (under 65)	321	397
Learning Disability	284	362
Ensuite supplement	10	10
Shared ensuite supplement	5	5

These rates would be backdated to 1 April 2002, except for preserved rights placements, which would be backdated to 8 April 2002. These rates would apply regardless of in which local authority area the home is situated.