

## **DUNDEE CITY COUNCIL**

**REPORT TO: SOCIAL WORK AND HEALTH COMMITTEE - 26TH MARCH 2012**

**REPORT ON: NATIONAL CARE HOME FEE SETTLEMENT 2012/13**

**REPORT BY: DIRECTOR OF SOCIAL WORK**

**REPORT NO: 135 - 2012**

### **1.0 PURPOSE OF THE REPORT**

1.1 This report informs members of the outcome of negotiations between COSLA, the Scottish Government and care home providers in relation to the ongoing development of the National Care Home Contract (NCHC) settlement for 2012/13.

### **2.0 RECOMMENDATIONS**

It is recommended that the Committee:

2.1 Note that agreement has been reached between Scottish Care, the providers' representatives, and COSLA to increase the care home headline fee rate by 2.75% in response to growing pressures in the care home sector, resulting in a net increase in the local authority contribution of 2.45% for nursing care and 2.39% for residential care.

2.2 Approves the rates for payment to independent sector Care Home Providers in 2012/13 as attached in Appendix 1.

### **3.0 FINANCIAL IMPLICATIONS**

3.1 The increased local authority contribution to the care home fee rate is anticipated to result in additional revenue expenditure to Dundee City Council of £382,000 in 2012/13. While this equates to a shortfall in budgeted resources of £149,000, it is anticipated that this will be offset by a reduction in care home activity in line with national and local policy to shift the balance of care from care home settings to community based care which has been further strengthened through the creation of the Older People's Change Fund.

### **4.0 MAIN TEXT**

4.1 It is the responsibility of local authorities to fund placements in independent sector care homes where service users are assessed as being unable to meet the full costs of their placements. Local authorities are also obliged to ensure that personal and nursing care is provided free of charge to eligible residents.

4.2 COSLA, Scottish Care, the Care Inspectorate, the Scottish Government and other key stakeholders have made significant progress over the last few years in advancing the quality agenda for the care home sector. They have looked to enhance the quality of care being provided within care homes and to deliver consistency, efficiency, fairness and stability in the contractual relationship between commissioners and providers of care. This has been achieved through the NCHC and the associated 'payment for quality' model, whereby financial incentives and penalties are applied relative to a care home's performance

4.3 Members will recall the 2011/12 care home fee negotiations resulted in a freeze on the headline fee rate with the full Department of Work and Pensions (DWP) increase passed on to providers allowing the local authority contribution to reduce by 1% for nursing care

and 1.2% for residential care. The 2012/13 care home fee negotiations have been challenging due to the conflicting needs of the care home sector and the budget pressures faced by local authorities.

A range of pressures experienced in the care home sector such as wage, food and utilities inflation in addition to the increase in VAT lead Scottish Care to start the 2012/13 negotiations with a request for a 5% increase in fee levels. The financial constraints faced by local government however meant such an increase would be difficult to achieve. A compromise position has recently been reached with Scottish Care to increase the headline fee rate for 2012/13 by 2.75%. The agreed fee rate applicable from April 2012 is as follows:

2012/13	Nursing Care Rate	Residential Care Rate
Local Authority Element	£446.76 (2.45% increase)	£368.00 (2.39% increase)
DWP Element	£119.20 (3.88% increase)	£119.20 (3.88% increase)
<b>Headline Fee 2012/13</b>	<b>£565.96</b>	<b>£487.20</b>

4.4 In relation to the other aspects of the NCHC negotiations, the following developments have been negotiated with the care home providers:

4.4.1 On the quality of care, the same position will be maintained as last year (with a potential penalty applying to a Care Inspectorate grade of 1 or 2 in the Care and Support theme, and reward grades of 5 or 6 with additional payments – see Appendix 2). However, it is proposed to introduce a new clause to the contract to empower (but not require) councils to withdraw the contract completely from the very poorest homes;

4.4.2 A proposal to introduce new clauses to the contract that will tighten the contract assignment process and allow councils, at their discretion, to step-in to manage a failing care home;

4.4.3 On the provision of care, a proposal to introduce a new service specification for permanent care as part of the contract for 2012/13.

4.4.4 Local Authorities would also commit to produce national service specifications for intermediate care, end-of-life care, short breaks and specialist dementia care during 2012/13, which COSLA anticipates being used, as required, within the context of local joint commissioning plans and separately tendered by Councils/Health Boards at a local level.

4.4.5 Any new contractual clauses will only be introduced after full consultation and sign-off through the Development Group for Older People's Care. The new service specifications – and the broader review of the National Contract - will require separate endorsement by through COSLA Leaders.

4.4.6 As part of the National Commissioning Strategy, COSLA will undertake to work with the sector and other partners to deliver effective capacity planning and consideration of the sustainability of the fee structure.

4.4.7 With regard to rates, there are three main rates:

- 1) The national contract rate with the basic quality payment.
- 2) The national contract rate with £20.00 of the basic quality payment removed.
- 3) Below the national contract (the 'default' rate) - where the national contract is not in place, or enforcement action is being taken, or for rooms for three or more.

4.4.8 The Social Work Department's Contracts Section shall monitor the extent to which providers meet the agreed quality framework and shall recommend the appropriate fee rates payable to providers based on the criteria set out in the report.

## **5.0 POLICY IMPLICATIONS**

5.1 This Report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

5.2 An Equality Impact Assessment has been carried out and will be made available on the Council website <http://www.dundee.gov.uk/equanddiv/equimpact/>.

## **6.0 CONSULTATION**

6.1 The Chief Executive, Depute Chief Executive (Support Services) and Director of Finance have been consulted in the preparation of this report.

## **7.0 BACKGROUND PAPERS**

Equality Impact Assessment

Alan G Baird  
**Director of Social Work**

DATE: 15th March 2012

## APPENDIX 1

### RECOMMENDATIONS

It is recommended that the Social Work and Health Committee approves rates (£ per week) for payment to independent sector care home providers in 2012/13 as outlined below

	Registered homes with nursing care £ per week	Registered homes without nursing care £ per week
National Contract rate with the Basic Quality Payment (Dual shared room)	£565.96 (£540.96)	£487.20 (£462.20)
National Contract rate with £20.00 of Basic Quality Payment removed (Dual shared room)	£545.96 (£520.96)	£467.20 (£442.20)
Below the National Contract fee level (Dual shared room)	£539.75 (£514.75)	£458.80 (£433.80)

These rates will be effective from 9th April 2012 and will apply regardless of the local authority area in which the home is situated.

These rates are all inclusive: no supplements will be paid.

**Payment for Quality - 2011/12 Negotiated Position - no change in 2012/13**

Basic Quality Award

In support of the payment for quality agenda, a reduction of £20.00 may be applied to any care home(nursing or residential) that receives a QAF score of 2 or less in the themed area of Quality of Care and Support. The result of such a QAF grading will in the first instance be to trigger a Local Authority review/discussion with the care home, which could lead to the application of the penalty. However, the default assumption should be that where a care home with a QAF grade of 1 or 2 can demonstrate that it is taking robust remedial action to improve the quality of its care, the financial penalty ought not to apply. Where robust remedial action is not evident, a deduction can be applied up to the levels highlighted above. The final decision will continue to be at the discretion of the local authority.

Enhanced Quality Award

In order to create additional incentives to improve the quality of care, an enhanced quality award will continue to be available to the best performing care homes. Specifically:

- For Care Homes with nursing, an additional £2.00 per resident per week will be available if a QAF grade of 5 or 6 is achieved in 'Quality of Care and Support' and a minimum of grade 3 in the other categories. A further £1.00 per resident per week will be available to homes that achieve a QAF grade of 5 or 6 in 'Quality of Care and Support' and a minimum of a 5 in any one other category.
- For Residential Care Homes, an additional £1.50 per resident per week will be available if a QAF grade of 5 or 6 is achieved in 'Quality of Care and Support' and a minimum of grade 3 in the other categories. A further £1.00 per resident per week will be available to homes that achieve a QAF grade of 5 or 6 in 'Quality of Care and Support' and a minimum of a 5 in any one other category.

The administration of this system will continue in line with local arrangements.

Staffing Qualifications

There will be a national audit with respect to the levels of trained staff within care homes for older people. The previous target of 65% should be considered as a joint aspiration (for both independent sector and local authority run care homes) as we move towards the target of a fully registered, qualified workforce by 2015, as required by the Scottish Social Services Council (SSSC). However, this will not be attached to the payment for quality agenda.