



REPORT TO: HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD – 4 MAY 2016
REPORT ON: NATIONAL CARE HOME CONTRACT FEE SETTLEMENT 2016/17
REPORT BY: CHIEF FINANCE OFFICER
REPORT NO: DIJB20-2016

1.0 PURPOSE OF REPORT

This report informs members of the Integration Joint Board of the outcome of negotiations between COSLA and care home providers in respect of the 2016/17 National Care Home Contract fee levels and terms of agreement.

2.0 RECOMMENDATIONS

It is recommended that the Integration Joint Board (IJB):

- 2.1 Notes that the 2016/17 fee negotiations reflect the commitment made by the Scottish Government to ensure all social care workers within the sector are paid the living wage of £8.25 with effect from 1st October 2016 as part of the additional £250m national investment in social care announced in the finance settlement.
- 2.2 Notes that the agreement reached to reflect the cost of implementing the living wage and other financial pressures faced by care home providers will result in an increase in the care home fee headline rate of 2.5% from April 2016 with a further 4% increase from 1st October 2016 leading to an overall increase in the headline rate of 6.5% from October 2016.
- 2.3 Adopts the rates of payment for independent sector care home providers for 2016/17 as outlined in Appendix 1 and directs Dundee City Council to adopt the terms of the National Care Home Contract accordingly.

3.0 FINANCIAL IMPLICATIONS

The increase in fee levels for 2016/17 is anticipated to result in a net increase in Care Home expenditure within Dundee's delegated budget of around £1.170m over the financial year. This will be funded from budgeted inflationary provision made within the delegated resources from Dundee City Council in relation to private and voluntary care homes of approximately £300k with the balance of £870k met from the living wage allocation as part of Dundee's share of additional Scottish Government investment for social care.

4.0 MAIN TEXT

- 4.1 The fee rates paid to private and voluntary sector nursing and residential care homes have been set for a number of years within the context of a National Care Home Contract (NCHC). The contract sets out the overall terms of the contractual relationship between local authorities as commissioners of care and providers of care and is designed to deliver consistency, efficiency, fairness and stability within this relationship. This has enabled significant progress to be made in advancing the quality agenda for the care home sector with initiatives such as additional payments for quality (as measured through Care Inspectorate Gradings) and latterly through the introduction of a minimum floor wage level of £7 per hour for social care staff being facilitated through the application of a national contractual arrangement. The total value of the National Care Home Contract is currently around £630m.

- 4.2 The fee rate has historically been subject to a negotiation process between representatives of COSLA and care home providers, led by Scottish Care and Coalition of Care Providers Scotland. These negotiations consider the financial pressures being faced by care home providers for the coming financial year and takes cognisance of the state of public finances at the time and therefore the availability of funding within the local government environment. In recognising the role that Integration Joint Boards will play as future commissioners of services, Chief Officer representatives were also included as part of the negotiation process for 2016/17.
- 4.3 The 2016/17 fee negotiations were undertaken against a backdrop of unprecedented financial pressure from both a provider and a local government context. Providers cited the significant financial pressures as a result of the introduction of the new statutory minimum wage of £7.20 from April 2016 and the consequential impact on differentials for other staff groupings in addition to normal operating cost pressures while reductions in local government funding were greater than anticipated. However as part of the government's funding settlement, an additional £250m was made available to invest in social care on the condition that partners committed to pay care workers a living wage of £8.25 per hour from the 1st October 2016. This commitment was then considered as part of the negotiations.
- 4.4 The negotiated fee position is that the contract will be subject to an uplift of 2.5% from April 2016 and a further uplift of 4% (resulting in a cumulative uplift of 6.5%) from 1st October 2016. All parties agreed that it was necessary to draw a distinction between the base uplift and a further uplift to fund the living wage commitment to ensure a degree of transparency to this commitment that is unambiguous and more easily communicated and monitored. The breakdown of the rates is noted in the table below:

	Existing rates 2015/16		2016/17 Rates April to 30 th Sept 2016		2016/17 Rates 1 st Oct 2016 to 31 st March 2017	
	Nursing	Residential	Nursing	Residential	Nursing	Residential
LA element	£483.16	£398.52	£494.74	£407.99	£519.12	£428.97
DWP element	£126.15	£126.15	£129.80	£129.80	£129.80	£129.80
Headline Fee	£609.31	£524.67	£624.54	£537.79	£648.92	£558.77
Headline change from 2015/16			£15.23	£13.12	£39.61	£34.10
% change from 2015/16			2.5%	2.5%	6.5%	6.5%

- 4.5 These fee levels are dependent on all providers delivering publicly funded care paying all care workers, regardless of age, experience or time in employment, a minimum of £8.25 per hour from 1st October 2016 for the period of the contract. To ensure contract compliance, providers will agree that pay levels can be periodically monitored by the commissioning authority. There will be no displacement of the cost onto staff by the employer, such as payment for uniforms. In the event of non-compliance with these terms, the local authority will withhold the living wage payment investment until such a time as the matter is resolved. All other aspects of the contract including quality payments will remain unchanged and these are noted in Appendix 1.
- 4.6 It is jointly acknowledged between commissioners and providers that the establishment of IJBs and the publication of strategic joint commissioning arrangements, combined with the demand pressures of demographic change and the specific financial pressures posed by the Living Wage requires the funding and commissioning arrangements under the NCHC to be reconsidered. Partners will need to be able to respond to the opportunity presented by integration to radically reconsider the purpose and use of care home capacity as well as issues of sustainability, quality and improved outcomes for people. In this regard, COSLA, providers and the Scottish Government have agreed to a fundamental review and reform of the NCHC as part of a wider consideration of the necessary reform of adult social care. Progress on this will be reported back to the IJB in due course.

5.0 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Equality Impact Assessment and Risk Management. An EQIA is attached.

6.0 CONSULTATIONS

The Chief Officer and the Clerk were consulted in the preparation of this report.

7.0 BACKGROUND PAPERS

None.

Dave Berry
Chief Finance Officer

DATE: 1 April 2016

Rates Applicable April – September 2016

National Care Home Contract rate	Registered homes with nursing care £ per week	Registered homes without nursing care £ per week
Headline Fee (Dual shared room)	£624.54 (£599.54)	£537.79 (£512.79)
Reduced Quality Deduction (Dual shared room)	£604.54 (£579.54)	£517.79 (£492.79)
Enhanced Quality Award (lower rate) (Dual shared room)	£626.54 (£601.54)	£539.29 (£514.29)
Enhanced Quality Award (higher rate) (Dual shared room)	£627.54 (£602.54)	£540.29 (£515.29)
Default Rate (Dual shared room)	£578.45 (£555.29)	£491.65 (£468.80)

These rates will be effective from 11th April 2016 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.

Rates Applicable October 2016 – March 2017

National Care Home Contract rate	Registered homes with nursing care £ per week	Registered homes without nursing care £ per week
Headline Fee (Dual shared room)	£648.92 (£623.92)	£558.77 (£533.77)
Reduced Quality Deduction (Dual shared room)	£628.92 (£603.92)	£538.77 (£513.77)
Enhanced Quality Award (lower rate) (Dual shared room)	£650.92 (£625.92)	£560.27 (£535.27)
Enhanced Quality Award (higher rate) (Dual shared room)	£651.92 (£626.92)	£561.27 (£536.27)
Default Rate (Dual shared room)	£601.03 (£577.87)	£510.83 (£487.98)

These rates will be effective from 1st October 2016.

EQUALITY IMPACT ASSESSMENT TOOL

Part 1: Description/Consultation

Is this a Rapid Equality Impact Assessment (RIAT)?		Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Is this a Full Equality Impact Assessment (EQIA)?		Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Date of Assessment:	19 TH April 2016	Committee Report Number:	DIJB20-2016
Title of document being assessed:	National Care Home Contract Fee Settlement 2016/17		
1. This is a new policy, procedure, strategy or practice being assessed (If yes please check box) <input type="checkbox"/>	This is an existing policy, procedure, strategy or practice being assessed? (If yes please check box) <input checked="" type="checkbox"/>		
2. Please give a brief description of the policy, procedure, strategy or practice being assessed.	Report advises members of the national negotiations in relation to care home fees and associated quality awards and penalties.		
3. What is the intended outcome of this policy, procedure, strategy or practice?	To agree the care home fee rates for 2016/17 and commit care home providers to pay care staff the national living wage of £8.25 from 1 st October 2016		
4. Please list any existing documents which have been used to inform this Equality and Diversity Impact Assessment.	n/a		
5. Has any consultation, involvement or research with protected characteristic communities informed this assessment? If yes please give details.	This a national agreement between COSLA and Care Providers – any such consultation would be carried out at a national level		
6. Please give details of council officer involvement in this assessment. (e.g. names of officers consulted, dates of meetings etc)	Dave Berry, Chief Finance Officer Joyce Barclay, Senior Officer		
7. Is there a need to collect further evidence or to involve or consult protected characteristics communities on the impact of the proposed policy? (Example: if the impact on a community is not known what will you do to gather the information needed and when will you do this?)	No		

Part 2: Protected Characteristics

Which protected characteristics communities will be positively or negatively affected by this policy, procedure or strategy?

NB Please place an X in the box which best describes the "overall" impact. It is possible for an assessment to identify that a positive policy can have some negative impacts and visa versa. When this is the case please identify both positive and negative impacts in Part 3 of this form.

If the impact on a protected characteristic communities are not known please state how you will gather evidence of any potential negative impacts in box Part 1 section 7 above.

	Positively	Negatively	No Impact	Not Known
Ethnic Minority Communities including Gypsies and Travellers	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender Reassignment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Religion or Belief	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
People with a disability	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Age	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lesbian, Gay and Bisexual	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Socio-economic	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pregnancy & Maternity	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other (please state)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Part 3: Impacts/Monitoring

<p>1. Have any positive impacts been identified?</p> <p>(We must ensure at this stage that we are not achieving equality for one strand of equality at the expense of another)</p>	<p>The quality incentives within the national care home contract aim to improve the quality of care delivered to residents in care homes. The introduction of a minimum payment rate for social care staff of £8.25 per hour (national living wage) aims to address low pay in the sector, positively impacting on low paid workers and creating the conditions to enhance the quality of care for service users</p>
<p>2. Have any negative impacts been identified?</p> <p>(Based on direct knowledge, published research, community involvement, customer feedback etc. If unsure seek advice from your departmental Equality Champion.)</p>	<p>None</p>
<p>3. What action is proposed to overcome any negative impacts?</p> <p>(e.g. involving community groups in the development or delivery of the policy or practice, providing information in community languages etc. See Good Practice on DCC equalities web page)</p>	<p>n/a</p>
<p>4. Is there a justification for continuing with this policy even if it cannot be amended or changed to end or reduce inequality without compromising its intended outcome?</p> <p>(If the policy that shows actual or potential unlawful discrimination you must stop and seek legal advice)</p>	<p>n/a</p>
<p>5. Has a 'Full' Equality Impact Assessment been recommended?</p> <p>(If the policy is a major one or is likely to have a major impact on protected characteristics communities a Full Equality Impact Assessment may be required. Seek advice from your departmental Equality lead.)</p>	<p>No</p>
<p>6. How will the policy be monitored?</p> <p>(How will you know it is doing what it is intended to do? e.g. data collection, customer survey etc.)</p>	<p>The quality of care home services are monitored by the Care Inspectorate and any reductions of quality below the thresholds can result in a reduced level of payment – this is continually monitored by Dundee City Council's Social Care Contracts Team.</p>

Part 4: Contact Information

Name of Department or Partnership	Dundee Health & Social Care Partnership
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Type of Document	
Human Resource Policy	<input type="checkbox"/>
General Policy	<input type="checkbox"/>
Strategy/Service	<input checked="" type="checkbox"/>
Change Papers/Local Procedure	<input type="checkbox"/>
Guidelines and Protocols	<input type="checkbox"/>
Other	<input type="checkbox"/>

Manager Responsible	Author Responsible
Name: David Lynch	Name: Dave Berry
Designation Chief Officer :	Designation: Chief Finance Officer
Base: Claverhouse	Base: Dundee House
Telephone: 436310	Telephone: 433608
Email david.lynch@nhs.net :	Email dave.berry@dundeecity.gov.uk :

Signature of author of the policy: Dave Berry	Date: 19/04/16
Signature of Director/Head of Service: David Lynch	Date: 19/04/16
Name of Director/Head of Service:	Click here to enter text.
Date of Next Policy Review:	Click here to enter text.