

**ANGUS COUNCIL**

23 May 2002

**SOCIAL WORK DEPARTMENT REVENUE BUDGET 2002-2003  
FEES FOR PRIVATE AND VOLUNTARY RESIDENTIAL AND NURSING HOMES**

**REPORT BY THE DIRECTOR OF SOCIAL WORK AND THE DIRECTOR OF FINANCE**

**ABSTRACT**

This report proposes revised rates for fees for residential and nursing home placements made by Angus Council in private and voluntary homes for the period April 2002 – March 2003. These rates are in line with the recent agreement by the Scottish Executive, COSLA, Scottish Care, The Church of Scotland and The Salvation Army on the implementation of the national review group report on care home costs for older people in Scotland.

**1 RECOMMENDATIONS**

It is recommended that the Council:-

- i) agrees the terms of this report and in particular the new fees set out in the report and appendix;
- ii) refers this report to the Social Work Committee for its information.

**2 INTRODUCTION**

Reference is made to report no 262/02 approved by the Social Work Committee on 26 February 2002 wherein interim rates were set for commissioning residential and nursing home care from independent sector providers with effect from April 2002. The fees were set on an interim basis pending agreement at a national level on the phased implementation of the national review group report on care home costs for older people in Scotland and clarification of the funding support which would be forthcoming to Angus Council.

The national review group referred to above was established in September 2001 to conduct a review of the costs associated with providing nursing and residential home care for older people in Scotland and to determine a framework for appropriate fee levels from April 2002. The Scottish Executive, COSLA, Scottish Care (private sector), the voluntary sector (Church of Scotland and The Salvation Army) and NHS in Scotland were represented on the group.

The working group eventually reached agreement that £390 per week reflected a reasonable cost for providing nursing care (£365 shared occupancy). The group determined a rate of £332 for residential care with the Chairman recommending that consideration be given to paying up to £360 to voluntary sector providers who incur additional costs similar to local authorities.

With regard to 'top up' payments, now payable by residents or third parties, the group concluded that the national care standards set by Ministers are quite explicit as to what will be included and expected to be provided in care homes after 1 April 2002 and that any extra costs payable by the resident or a third party should not be part of the core costs of providing care to these standards.

Discussions and negotiations ensued involving the parties identified above on the phasing and the funding of implementing the recommendations of the report. Eventually agreement was reached among all parties and the Executive issued a letter on 24 April 2002 which:-

- committed an additional £11 million which will provide a flat rate payment of £15 per week per person for older people in care homes, backdated to July 2001 (excluding DWP clients, DWP clients are those with preserved rights who have now become the responsibility of local authorities) Additional funds for this will be distributed to local authorities on the basis of occupancy returns for 2001-02;
- confirmed a flat rate increase of £25 per week to existing residents from 1 April 2002 and to DWP clients from 8 April 2002;
- confirmed a funding package to local authorities of £24 million to support a fee increase of £21.98 (distributed using occupancy returns by local authorities) with local authorities meeting the balance of £3.02 for each resident;
- indicated that future work will be undertaken during the coming months to agree the implementation of the final settlement in 2003-04;
- the Executive have separately indicated that the increase in the minimum income guarantee (£6 per week) should be passed onto providers although this does not form part of the phased agreement.

### **3 PROPOSAL**

In implementing the national agreement in Angus two issues which arise are the future of existing premiums for en-suite provision and small group living; and the rates which should be applied to provision for other care groups eg learning disability, mental illness and physical disability.

With regard to the premiums, the Director of Social Work is of the view that these payments (£10 per week en-suite and £20 per week small group living) should be consolidated into the new rates payable to meet national standards. It is proposed that these be reduced by 50% for financial year 2002-03 and withdrawn fully in financial year 2003-04. In future any additional premiums should be based on additional care inputs such as those applying in 'single care homes' or where specific additional care has been commissioned beyond national standards.

With regard to other care categories a further national working group may be established in the coming months but providers in this sector will undoubtedly wish to have the findings of the older person's review applied to them. These are considered in the following paragraphs.

The current rates for provision for learning disability are sufficiently close to older people as to suggest that they should be harmonised.

The rates for the mental illness, physical disability and other low volume placements tend to be individually set with specialist providers and no appropriate single rate can therefore be proposed.

The Directors of Social Work and Finance are of the view that it would be prudent to move to a common rate for residential and nursing home placements for older people and learning disability with the phased increases being applied in the current year. Learning disability fee increases would not be funded by the Executive but could be funded in the current year through the savings in the phased withdrawal of existing premiums. This will provide a more equitable position and reduce the risk of commissioning difficulties in the current year.

Based on the above, it is proposed that the rates which should apply for the residential care from 1<sup>st</sup> and 8<sup>th</sup> April 2002 should be £303 per week (including the £6 minimum income guarantee).

The rate for nursing care should be £378 (including the £6 minimum income guarantee).

The rate for mentally frail residential care should be £352 (including the £6 minimum income guarantee).

These rates should also apply to residential and nursing home provision for learning disability.

Full details are set out in Appendix 1 to this report.

#### **4 FINANCIAL IMPLICATIONS**

During the national negotiations in relation to care home fees, the Scottish Executive agreed to provide £24 million towards the estimated cost of £27 million for implementing the initial increases in care home fees in 2002-2003. (No agreement has been reached on the funding for the next phase in 2003-2004.)

##### **2003/04**

The financial implications for 2003/04 are much less certain at present and it will be necessary to reassess the position, including any requirement for corporate funding, as part of the 2003/04 budget preparation process.

##### **2002/03**

The Scottish Executive has confirmed the allocation to individual Councils of the resources it is making available for increasing care home fees, they have indicated that they will provide a contribution of up to £21.98 per place per week. Angus Council will receive additional grant support of £547,600. The estimated cost in Angus of the new arrangements is £631,800 meaning that the Council will be required to meet the net estimated shortfall of £84,200.

In setting the 2002/03 budget for the Social Work department, the Budget Strategy group acknowledged that the care home fees issue could be a budget risk but decided, in light of the prevailing uncertainty at the time, that the Social Work budget assume a cost neutral position. It was however further agreed that in the event of the budget risk materialising, and the costs of any national agreement not being fully funded by the Scottish Executive, that the matter be further considered with the possibility that part of any funding shortfall could be met from corporate resources.

The estimated shortfall in financial year 2002/03 for implementation of the national agreement is confirmed at £84,200 and this can be met from the Social Work revenue budget with no requirement for funding from corporate Council resources.

In the event that the shortfall for 2002/03 increases once the Scottish Executive have formally confirmed the Councils share of the additional resources, it may be necessary to reassess this situation in which event a further report would be brought forward.

The increase of £6.00 per place per week relating to the increase in the Minimum Income Guarantee will be resource neutral, since this amount will be recouped through the charging regime. The amount recouped is estimated to be some £181,600 in 2002/03.

The increase of £25 per place per week for learning disability rates is not to be funded by the Executive and will cost an additional £26,000. This will be met from the Social Work revenue budget in 2002/03.

Phasing out the premium payments over two financial years will mean that all homes can move towards the nationally agreed rate for care provision, consistent with national standards. Savings from this can be used to create an equitable position for learning disability care and for care commissioned which is beyond national standards. These savings are estimated to be in the order of £128,200 in 2002/03.

### **2001/02**

The Scottish Executive has confirmed an allocation of £235,170 in respect of the backdated payment covering the period July 2001 to March 2002. This is based on a payment of £15 per week for 402 residents.

Overall the above financial implications can be contained within the Social Work revenue budget 2002/03 with a small balance available in the order of £18,000 which the department may utilise for specialist commissionings.

Details of the financial implications of the above proposals can be found in Appendix 2.

## **5 HUMAN RIGHTS IMPLICATIONS**

There are no Human Rights implications arising from the recommendations contained in this report.

## **6 CONSULTATION**

The Chief Executive and the Director of Law and Administration have been consulted in the preparation of this report.

W B Robertson  
Director of Social Work

D Sawers  
Director of Finance

**NOTE:** 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.

**APPENDIX 1**

**Proposed Rates from 8 April 2002**

Rates for independent sector provision – residential homes

Category	Rate 2001/2002 per week	Rates per report 262/02 per week	Proposed Rate 2002/2003 per week
Older people	£235.00	£242.00	<b>£303.00</b>
Very Dependent Older People	£272.00	£280.00	<b>£303.00</b>
Learning Disabilities - Over 65	£282.00	£290.00	<b>£303.00</b>
- Under 65	£272.00	£280.00	<b>£303.00</b>

Rates for independent sector provision – nursing homes

Category	Rate 2001/2002 per week	Rates per report 262/02 per week	Proposed Rate 2002/2003 per week
Older people	£347.00	£357.00	<b>£378.00</b>
Learning Disabilities - Over 65	£354.00	£365.00	<b>£378.00</b>
- Under 65	£344.00	£354.00	<b>£378.00</b>

Rates for independent sector provision – specific rates

Category	Rate 2001/2002 per week	Rates per report 262/02 per week	Proposed Rate 2002/2003 per week
SAMH	£345.00	£355.00	<b>£355.00</b>
ARK Housing	£312.00	£321.00	<b>£321.00</b>
High Dependency Residential Unit	£321.00	Omitted in error	<b>£352.00</b>

Rates for independent sector provision – premium payments

Category	Actual 2001/2002 per place per week	Rates per report 262/02 per week	Proposed 2002/2003 per place per week
En suite – single room	£10.00	£10.00	<b>£5.00</b>
En suite – shared room	£5.00	£5.00	<b>NIL</b>
Small group living	£20.00	£20.00	<b>£10.00</b>
Mental Health (resettlement)	£10.00	£10.00	<b>£10.00</b>

## Financial implications

	<b>Costing</b>	<b>Budget Impact</b>
	<b>£'000</b>	<b>£'000</b>
Estimated annual cost of increased fee rates - Older People @ £25.00 per place per week	631.8	
Estimated contributed from Scottish Executive - Older People @ £21.98 per place per week	547.6	
Balance to be funded by Angus Council		84.2
Estimated annual cost of increased fee rates - Learning disability @ £25.00 per place per week		26.0
Estimated annual cost of increase associated with Minimum Income Guarantee - all care groups @ £6.00 per place per week		181.6
Additional income arising		(181.6)
Annual cost of premium payments – all care groups - Resources released by 50% reduction in 2002/2003	256.4	<b>(128.2)</b>
Balance available for additional placements/ special commissioning		<b>(18.0)</b>