

Corporate Policy and Strategy Committee

10am, Tuesday, 27 February 2018

Full cost charges in care homes for older people managed by the Council

Item number 7.2

Report number

Executive/routine

Wards

Council Commitments

Executive Summary

The purpose of this report is to clarify the position on setting the charge to be paid by residents of care homes for older people managed by the City of Edinburgh Council, where the resident is liable to meet the full cost of their care. Following a recent audit of care home charges, it has emerged that different approaches have been used to set the full cost charge in different situations. The recommendations in this report are intended to standardise the method and timescales for setting full cost charges for all residents of care homes for older people managed by the Council.

Full cost charges in care homes managed by the Council

1. Recommendations

- 1.1 Corporate Policy and Strategy Committee is asked to approve the following recommendations to take effect from 1 April 2018:
- i. the charges for residential care managed by the Council and the two homes owned by the Council and managed by Four Seasons will be calculated in December each year to take effect from 1 April in the following year; the charge will be based on the budgeted cost of providing the accommodation for the coming year;
 - ii. in all cases, the 'full cost' charge will reflect the associated costs of providing different levels of care (residential, nursing and specialist care, temporary stays and short breaks);
 - iii. in the case of the two homes managed by Four Seasons, the full cost charge will be the cost to the Council of the contract for the service, plus any capital charge borne by the Council;
 - iv. in the case of the nine homes owned and managed directly by the Council, the full cost charge will be the full cost of providing the service, in the case of homes to which a capital cost is attached, this should be included;
 - v. where residents liable to pay the full cost have moved from one Council-managed home to another, regardless of whether the move is instigated by the Council, the full cost charge for the home they move to will apply;
 - vi. in the case of Gylemuir, the full cost charge should be the budgeted cost to the Council of providing the service, but must not include any nursing costs borne by NHS Lothian, as these services are free at the point of delivery.
 - vii. those residents who currently have protected status will retain this as long as they live in the same home and existing residents of Gylemuir will continue to be charged at the National Care Home Contract rate until they move on to another home.

2. Background

- 2.1 The rules for charging care home residents are set out in legislation and detailed in the Charging for Residential Accommodation Guidance (CRAG), issued by the Scottish Government. The Guidance states that: *“In local authority managed homes, the authority must charge the full cost of providing the accommodation - the “standard rate”. Where the local authority is satisfied that a resident is unable to pay the standard rate, it must assess his or her ability to pay and, on the basis of that assessment, decide the lower amount which should be paid.”* When assessed using this guidance, the majority of residents in care homes managed by the City of Edinburgh Council contribute towards the cost of their care rather than meeting the full cost. However, approximately 20% of residents in the 12 care homes managed or owned by the Council have been assessed as needing to meet the full cost to the Council of providing their care.

3. Main report

- 3.1 The Council currently:
- manages nine care homes in premises owned by the Council
 - manages Gylemuir as an interim care unit in a building leased from BUPA
 - commissions Four Seasons to manage two care homes in premises owned by the Council.
- 3.2 All care home residents aged over 65 are entitled to have the personal care and nursing elements of the care home fees met by the state, leaving them liable to meet the remainder of the charge. The actual charge to be paid by an individual is means tested and calculated in accordance with the guidance set out in the Charging for Residential Accommodation Guidance issued by the Scottish Government. Any resident with capital and/or assets in excess of £26,500 is required to pay the full cost of their care (less the free personal and nursing care elements) until their capital falls below this threshold.
- 3.3 In recent years the approach taken to setting the annual full cost charge for care homes managed by the Council has been to apply a percentage increase to the charge for the previous year. In 2016, Financial Services identified that this practice had led to residents potentially being charged more than the cost to the Council of providing the service. Whilst this error has now been rectified and refunds paid to those residents adversely affected, it has also been necessary to agree the approach to be adopted when setting full cost charges in future years.
- 3.4 In undertaking this work, variation has been identified in the way in which full cost charges have been set.

- 3.5 The first difference relates to the type of care provided: residential (current charge £963 per week) or specialist dementia (current charge £1,163 per week). As the costs of providing these services are different, it is reasonable that this difference is reflected in the charge made to residents.
- 3.6 The second difference relates to the type of home. The Council currently manages nine homes directly four of these have been built in the last six years and five are older, less well-appointed buildings. The full cost charge to residents for residential care in the new homes is £968 per week compared to £709 per week in the older homes. This difference reflects the difference in the cost of running each type of home including capital costs associated with the new homes and therefore conforms to the CRAG Guidance. However, there is also currently a difference in the full cost charge levied on residents within the new homes. Residents who have moved from an older Council managed home to a new home at the instigation of the Council, usually where the older home is to be closed, have been given a protected status. This means that their charge is capped at the rate of the full cost charge for the older homes, currently £709 per week for residential care. The charge for other residents liable to pay the full cost is currently £968 per week.
- 3.7 As it is difficult to justify the difference in charge between the two groups of residents liable to pay full cost as they are both receiving the same level of service, it is proposed that in future the full cost charge in any particular home should be calculated on the same basis for all residents. However, given that only five residents have a protected status and that guarantees have been given to them and their families regarding cost, it is proposed that this commitment should be honoured, whilst they remain in the home they are currently living in.
- 3.8 The Council currently manages a care home facility at Gylemuir House in a building leased from BUPA. The service provided at Gylemuir is short term, aimed at caring for people who no longer need to be in hospital whilst a place is identified for them in an appropriate long-term care home. Residents in Gylemuir liable to pay the full cost of the service are currently charged at the National Care Home Contract rate of £574 for residential care and £667 if the person requires nursing care. This is less than the cost to the Council of providing the service and therefore does not comply with the Charging for Residential Accommodation Guidance. It is proposed that the full cost charge for Gylemuir should be based on the actual cost of operating the unit, which is £1,552 per week, less the cost of nursing services provided by staff employed by NHS Lothian (£432). This would result in a charge of £1,120 per week. As the current cost of the service will have informed the decisions of existing residents in making use of this service, it is proposed that they should continue to be charged on the existing basis until they move on from Gylemuir. The proposed new charging arrangements would therefore apply to new residents from 1 April 2018.
- 3.9 Castlegreen and North Merchiston Care Homes are owned by the Council and managed through a contract with Four Seasons Health Care. The full cost charge

for residents of these homes is calculated based on the cost of the contract to the Council, which includes a capital charge to cover costs associated with the building. It is not proposed to make any changes to this arrangement.

- 3.10 In order to ensure that the level of charges set for care homes continues to accurately reflect the full cost of providing the service, it is proposed that the charges should be calculated in December each year to take effect from the following 1 April. As budgets are not set until February it may be necessary to review charges in year to reflect the budgeted cost of providing the accommodation.

4. Measures of success

- 4.1 A consistent and equitable approach will be taken to setting charges for those residents of care homes for older people managed by the Council, who are liable to meet the full cost of their care.

5. Financial impact

- 5.1 The proposals set out in this report will ensure that the Council recovers the appropriate level of income from charges relating to the provision of residential care as set out in the Charging for Residential Accommodation Guidance. The proposals will also ensure a consistent and equitable approach to setting rates for those clients that are liable to meet the full cost of their care.
- 5.2 If all relevant factors remained equal, it is estimated that income from residents recoveries would increase, however the level of increase will be affected by such factors as pay award, cost increase and the number of self-funding clients.

6. Risk, policy, compliance and governance impact

- 6.1 The proposals set out in this report will ensure that the Council is compliant with the requirements set out in the Charging for Residential Accommodation Guidance in relation to determining the full cost of providing services. The proposals will also ensure that a consistent and equitable approach is taken to setting and applying full cost charges for accommodation managed by the Council.

7. Equalities impact

- 7.1 The proposals set out in this report will ensure that all residents in care homes managed by the Council who are liable to meet the full cost of their care will be treated equitably.

8. Sustainability impact

8.1 There is no sustainability impact arising directly from this report.

9. Consultation and engagement

9.1 There has been no external consultation and engagement on the proposals set out in this report as they are only intended to rationalise and clarify the application of the Council's legal duties in respect of charging for residential care. Also, there is no adverse impact on any existing residents of care homes managed by the Council as it is proposed that changes to current practice should not be applied to existing residents.

10. Background reading/external references

None

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11. Appendices

None