

Finance and Resources Committee

10am, Tuesday, 5 September 2017

National Care Home Contract – Outcome of Negotiations

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Executive summary

This report sets out the results of national negotiations led by COSLA to determine the National Care Home Contract (NCHC) terms and conditions for 2017/18. Taking account of the new responsibilities of the Integration Joint Boards (IJB), the COSLA negotiating team included representation from IJB Chief Officers and IJB Finance Officers.

The headline settlement reached is a 2.8% increase from 10 April 2017 to 8 April 2018 in the rates payable to care homes for 2017/18. For the City of Edinburgh Council, this equates to an increase of £0.832m in costs in 2017/18, based on contract spend as at April 2017.

National Care Home Contract – Outcome of Negotiations

1. Recommendations

- 1.1 The Committee is asked to:
- note and agree the baseline fee uplift of £0.832m (2.8%) with effect from 10 April 2017;
 - note that any enhanced payments made to care home providers in 2017/18 will be made on the basis of demonstrated quality;
 - agree the Edinburgh concession to the NCHC as set out in the main report; and
 - agree to apply a reduction of £25 per week on all rates for shared rooms.

2. Background

- 2.1 The rationale for developing a National Care Home Contract (NCHC) was to raise the quality of residential care for older people across Scotland and standardise the funding of placements.
- 2.2 The NCHC has been signed by the owners of 43 private and voluntary sector care homes in Edinburgh. The remaining six homes, whose owners have chosen not to sign, primarily contract with people able to fund their own care and typically have little or no availability for Council funded service users.

3. Main report

- 3.1 NCHC negotiations were carried out within a difficult financial context with unprecedented financial pressure faced by both providers and local government. Settlement negotiations were also used to address the commitment to pay the 2017/18 Scottish Living Wage rate of £8.45 per hour.
- 3.2 The headline settlement reached and agreed at a meeting of Council Leaders held on 31 March 2017 was an uplift of 2.8% from 10 April 2017. All negotiating parties agreed that implementing the settlement and the Living Wage commitment is challenging and has required a substantive investment over the last two years. Partnerships and Councils are committed to monitoring the

impact of this commitment closely and will therefore consider ways to support good quality individual providers who may face local sustainability issues.

3.3 All other aspects of the contract including quality payments remain unchanged. The settlement also commits Partnerships and Councils to specific progress on the reform of the NCHC during 2017/18 including completion a Cost of Care Calculator and a dependency tool to support this.

3.4 There are four criteria for the various fee rates in 2017/18:

- the care home has chosen not to sign the NCHC
- the NCHC is in place, but there is no quality award because a home has failed to meet the Quality Assessment Framework conditions
- the NCHC rate with the basic quality award
- the NCHC rate with both the basic and enhanced quality rate

These rates are set out below.

Nursing Care for Older People

	10 April 2017 – 08 April 2018
Fee level where National Care Home Contract (NCHC) is not signed	£617.86
NCHC fee level with reduced quality award	£647.09
NCHC fee level with the basic quality award	£667.09
NCHC fee level with basic and maximum Enhanced Quality Award	£670.09
Council spot purchase respite rate (NCHC rate, i.e. £667.09/£670.09 plus up to a maximum 30%)	£871.11(maximum)
Note: For all shared rooms: minus £25	

Residential Care for Older People

	10 April 2017 – 08 April 2018
Fee level where NCHC is not signed	£525.14
NCHC fee level with reduced quality award	£554.42
NCHC fee level with the basic quality award	£574.42
NCHC fee level with basic and maximum Enhanced Quality Award	£576.92
Council spot purchase respite rate (NCHC rate, i.e. £574.42 / £576.92, plus up to a maximum 30%)	£749.99 (maximum)
Note: For all shared rooms minus £25	

- 3.5 The Quality Assessment Framework is applied on the basis of the outcome of care home inspections. The Care Inspectorate will award a home one of 6 grades in respect of the following themes: quality of care and support, environment, staffing, and management and leadership.

Grade 1 = Unsatisfactory Grade 2 = Weak Grade 3 = Adequate
Grade 4 = Good Grade 5 = Very Good Grade 6 = Excellent

- 3.6 Where a home receives a grade of 3 or 4 it will receive the basic quality award.
- 3.7 To incentivise the provision of high quality care, nursing homes that receive a grade 5 or 6 in the quality of care and support theme and a minimum of grade 3 in all other areas will receive an additional £2 per week per resident (£1.50p in residential care homes). For both nursing and residential care homes, a further £1 per week per resident will be paid to homes that achieve a grade 5 or 6 for the quality of their care and support and a minimum of grade 5 in any one other category.
- 3.8 Where either a nursing or residential care home receives a grade of 1 or 2 in the themed area of quality of care and support, and where that care home has previously been graded at that level in that theme, £20 per week per resident will be deducted from the headline fee rate. In such an event, Council officers will make recommendations to the Chief Social Work Officer regarding the suspension of admissions to a care home while improvements are made or will recommend that service users be moved to alternative placements.

Edinburgh Context and Concession

- 3.9 One of the aims of the NCHC is to formalise the national agreement that third party contributions should not be required to meet the cost of delivering care to the standard required by the Care Inspectorate.
- 3.10 The City of Edinburgh Council made a concession to care home providers in 2007/8, on the inception of the NCHC, to allow care homes to continue charging third party contributions. There were (and continue to be) supply and demand issues in Edinburgh, which made implementation of the contract more difficult, and it was accepted the Council would take a pragmatic approach and focus on the spirit of the contract, rather than the letter. Some care homes make no additional charges. Where these are applied, they are subject to the agreement of a third party, usually a relative, who accepts responsibility for payment. On this basis, it is recommended that the Council and Edinburgh Health and Social Care Partnership continues with the concession for 2017/18.
- 3.11 COSLA recommends the fee rate for shared rooms be reduced by £25 per week and this recommendation is supported for Edinburgh.

Future of the NCHC

- 3.12 The development of the NCHC has largely overcome the variation and complexity in the contractual relationship between the individual, the provider and the local authority, of which the then Office of Fair Trading was particularly critical prior to the establishment of the NCHC. The national arrangements have also acted as a buffer locally, allowing local authorities and care homes to work on issues around service design and quality, without the distraction of fee negotiations. However, the 2017/18 settlement commits Partnerships and Councils to specific progress on the reform of the NCHC during 2017/18 which includes consideration on whether to progress negotiations for 2018/19 on a new basis or to manage a move to local negotiations.

4. Measures of success

- 4.1 The NCHC provides a consistent framework for the purchase of care home places for older people by the Council and Edinburgh Health and Social Care Partnership.

5. Financial impact

- 5.1 NCHC-related costs will increase by £0.832m in 2017/18, based on spending on care home places for older people at April 2017.

- 5.2 The EIJB has received an allocation through the Scottish Government Social Care Fund to support the implementation of the Living Wage and other cost pressures. Following agreement being reached on the NCHC settlement for 2017/18 the EIJB has agreed a contribution of £0.832m will be made from the Social Care Fund to City of Edinburgh Council to fund the agreed 2.8% uplift and issued directions to the Council in respect of renewal of the NCHC. No expenditure in respect of matters delegated to the EIJB can be authorised by Committee unless it is clearly detailed in directions issued to the Council by the EIJB.

6. Risk, policy, compliance and governance impact

- 6.1 Report recommendations provide for the good governance of the NCHC in Edinburgh.

7. Equalities impact

- 7.1 This report has been assessed as having a positive equalities impact to the extent it provides clarity for service users eligible to receive financial support and their family members with regard to care home funding arrangements.

8. Sustainability impact

- 8.1 There are no sustainability impacts arising directly from this report.

9. Consultation and engagement

- 9.1 National contract negotiations are led by COSLA on behalf of local authorities; and by Scottish Care and the Coalition of Care and Support Providers (CCPS) in Scotland on behalf of their members.

10. Background reading/external references

Commissioning of Social Care, Audit Scotland, 2012

Joint Strategic Commissioning Plan for Older People, 2013

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11. Appendices

None