

Finance and Resources Committee

10.00am, Tuesday, 12 June 2018

Implementation of full cost-charges in care homes for older people managed by the Council

Item number	7.2
Report number	
Executive/routine	Executive
Wards	
Council Commitments	

Executive Summary

On 27 February 2018, the Corporate Policy and Strategy Committee approved the adoption of a new policy in respect of the setting and application of full-cost charges in care homes for older people managed by the Council. The new policy standardises the Council's approach in this area and ensures compliance with relevant legal requirements and statutory guidance going forward.

In approving the policy, members of the Committee also agreed, however, that there should be no adverse impact on existing residents of care homes managed by the Council as a result of its implementation, providing protection to those who currently pay full-cost charges. In April 2018, there were 61 such residents.

The Council has previously approved a policy whereby most discretionary charges are increased annually at rate of 2% over the prevailing Retail Price Index (RPI). As of March 2018, the RPI rate was 3.3%. On this basis, and in recognising that charges for self-funding residents have not been increased since April 2016, it is proposed that these be increased by 5% with effect from 1 September 2018.

Implementation of full cost-charges in care homes for older people managed by the Council

1. Recommendations

- 1.1 Members of the Finance and Resources Committee are asked to approve the proposed increase in care home charges for existing self-funding residents with effect from 1 September 2018 and to refer this report to Council for ratification of this change.

2. Background

- 2.1 On 27 February 2018, the Corporate Policy and Strategy Committee approved the adoption of a new policy in respect of the setting and application of full-cost charges in care homes for older people managed by the Council. The new policy standardises the Council's approach in this area and ensures compliance with relevant legal requirements and statutory guidance going forward.
- 2.2 In approving the policy, members of the Committee also agreed, however, that there should be no adverse impact on existing residents of care homes managed by the Council as a result of its implementation, providing protection to those who currently pay full-cost charges. In April 2018, there were 61 such residents.

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; and
 - 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 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 (CRAG) issued by the Scottish

Government. Any resident with capital and/or assets in excess of £27,250 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 Cost-modelling work undertaken by Finance staff in 2016 identified significant variation in (then) charging rates according to both the type of care provided and by care home facility, with the actual full costs being incurred much more closely aligned to (higher) fees within the independent sector. Whilst recognising the importance of adopting the underlying principles of consistency and equity through full-cost charging for all residents in Council-run homes, members of the Committee also recommended that appropriate safeguards be put in place for existing residents.
- 3.4 On this basis, charges for **new** residents will be set in accordance with the decision by the Corporate Policy and Strategy Committee in February 2018 i.e. by calculating the coming year's estimated unit costs of provision in December each year, with application from the following April. Charges for **existing** residents, however, have been frozen at 2016/17 rates pending completion of the review of care home charges.
- 3.5 The Council has previously approved a policy whereby most discretionary charges are increased annually at rate of 2% over the prevailing Retail Price Index (RPI). As of March 2018, the RPI rate was 3.3%. On this basis, and in recognising that charges have not been increased since April 2016, it is proposed that these be increased by 5% with effect from 1 September 2018 for existing self-funding residents. Application of this level would result in weekly increases of between £35 and £58, dependent upon the individual's precise care needs.

4. Measures of success

- 4.1 A consistent and equitable approach is 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 approved by the Corporate Policy and Strategy Committee on 27 February 2018 ensure that, going forward, the Council recovers the appropriate level of income from charges relating to the provision of residential care as set out in the CRAG guidance. The proposals 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 All relevant factors remaining equal, going forward it is anticipated that income received from residents' recoveries will increase. The extent of this increase will, however, be affected by such factors as the level of employee pay award, increases in other operating costs and the number of self-funding clients.

6. Risk, policy, compliance and governance impact

- 6.1 Continuing alignment of fees to CRAG guidance will ensure that the Council is compliant with relevant statutory guidance in relation to determining the full cost of service provision. 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 Full adoption of, and alignment to, the CRAG guidance will ensure that all residents in care homes managed by the Council who are liable to meet the full cost of their care continue to be treated equitably.

8. Sustainability impact

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

9. Consultation and engagement

- 9.1 Subject to Committee and Council's approval, a communications plan is being developed to advise residents, their families and staff within Health and Social Care of the changes and to respond to any specific concerns they may have.

10. Background reading/external references

10. [Full cost charges in care homes for older people managed by the Council](#), Corporate Policy and Strategy Committee, 27 February 2018

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11. Appendices

None.