

Policy and Sustainability Committee

10:00, Tuesday 26 November 2019

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

Executive/routine	Routine
Wards	All
Council Commitments	

1. Recommendations

- 1.1 The committee is asked to note the recommendations of the report on this subject to the Policy and Strategy Committee in February 2018 have been implemented.

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2. Executive Summary

- 2.1 The Corporate Policy and Strategy Committee agreed to standardise the method and timescales for setting full costs changes on 27 February 2018 and requested an update report in 12 months on the impact of the charging policy.
- 2.2 This report updates the committee on the implementation of the approach to charging agreed by the Corporate Policy and Strategy Committee on 27 February 2018.

3. Background

- 3.1 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 guidance issued by the Scottish Government.
- 3.2 Any resident with capital and/or assets in excess of an agreed limit (currently £28,000) 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 On 27 February 2018, the Corporate Policy and Strategy Committee agreed to standardise the method and timescales for setting full cost charges for all residents of care homes for older people managed by the Council. The Committee also agreed that there should be “no adverse impact on any existing residents of care homes managed by the Council” as a result of the implementation of the policy. This provided protection to any (then) existing residents who paid full cost charges.

4. Main report

- 4.1 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.

- 4.2 On 27 February 2018, the Corporate Policy and Strategy Committee approved the alignment of charges with the annually calculated unit costs. Prior to this, there was no clear correlation between fees charged and the operational costs incurred. This resulted in the charges being rebased to reflect the estimated unit costs of care provision in the forthcoming year, with application from the following April.
- 4.3 Following approval of the new policy by the Corporate Policy and Strategy Committee, colleagues in Financial Services calculated the budgeted cost of providing each of the nine homes owned and managed by the Council. In all cases this led to an increase in charges. Prior to this, charges had been increased in line with the relevant Retail Price Index, when in reality the cost of providing the service had increased by significantly more than this due to a combination of factors, including the need for higher staffing ratios due to the increasing complexity of residents’ needs.
- 4.4 The increase in fees varied between £84 and £274 per week with one significant outlier of £415 per week. These revised charges applied to new residents only.
- 4.5 The ‘Revenue Budget Framework 2018-23’ Update report presented to Finance and Resources Committee on 12 June 2018 seeks approval to implement the changes in older people’s residential care charges to reflect the new policy from 1 July 2018.
- 4.6 In June 2018, the Finance and Resources Committee agreed to implement these changes from 1 July 2018. They also approved that charges to existing residents should be increased by 5% in line with the Council policy whereby discretionary charges increase annually by 2% over the relevant Retail Price Index (RPI) rate. This reflected the Corporate Policy and Strategy Committee decision that existing residents should not be adversely affected by the new policy and the fact that there was no increase in fees during 2016/17. This resulted in increases of between £35 and £58 per week.
- 4.7 This proposal was then ratified by full Council on 28 June 2018 as part of the established budget motion process. Also in line with the policy, an annual review was undertaken in December 2018 with the rates subsequently amended with effect from 1 April 2019.
- 4.8 Accordingly, the only impact on the 61 residents in Council care homes at 1 April 2018 has been the annual 5% increase in fees (where these remain payable). The

overall impact is more difficult to isolate as income from care home fees varies for reasons other than the rate of the charge. These factors include the number of residents who are eligible to make a contribution to the cost of their care and the level of Council provided care home places.

5. Next Steps

- 5.1 This report updates the committee and no additional actions are recommended.

6. Financial impact

- 6.1 There are no specific financial implications arising as a result of this report.

7. Stakeholder/Community Impact

- 7.1 This report provides the committee with an update and, as such, there has been no external consultation and engagement. Also, as noted in the original report, there is no adverse impact on any existing residents of care homes managed by the Council.

8. Background reading/external references

- 8.1 [Report to Corporate Policy and Strategy Committee February 2018](#)

9. Appendices

- 9.1 None.