



From the Strategic Director, Barbara Lindsay

16 February 2010

Directors of Social Work

Dear Director

NATIONAL CARE HOME FEE SETTLEMENT & QUALITY AWARD 2010/11

Having taken soundings from Directors of Social Work and Directors of Finance on the affordability of the previously agreed fee uplift for 2010/11 (year two of a two year deal), we have arrived at a renegotiated settlement with care home providers.

Following in-depth discussion, where the providers accepted that councils were facing significant financial pressures, a reduced offer was agreed for 2010/11. This was formally agreed at the COSLA Leaders meeting of 29th January 2010 (report attached for information) and accepted by Scottish Care on behalf of care home providers on 11th February 2010.

While the detail of the settlement is set out in Annex 1, we are proposing that councils apply a general uplift of 2%, which represents a reduction of 0.7% on the previously agreed position.

It was also agreed that additional funding would be made available to the best performing care homes (those which achieve the highest Care Commission Quality Assessment Framework grades) thereby consolidating the quality agenda. The current funding structure operated a deficit model, whereby the poorest quality homes have had a small proportion of their funding removed. It has been agreed to augment this by offering a material reward to those homes who perform at the top of the Care Commission's Quality Assessment Framework. This will be known as the Enhanced Quality Award with the current model now being referred to as the Basic Quality Award.

In the longer term, we have also informed the providers that it is unlikely that local government will be in a position to offer inflationary increases within future NCHC settlements for the period 2011-14, given the current financial projections. As such, it will be important for COSLA and Scottish Care to work transparently in our efforts to manage general funding pressures and to collaborate in our efforts to reshape older people's care. We would seek the support of Local Authorities in this approach to develop effective local communication and joint planning mechanisms.

The remainder of this letter includes both the terms of a "headline deal" and the technical detail underpinning the conditions.

Yours sincerely,



Barbara Lindsay, Strategic Director

Overview of 2010/11 Settlement

The specifics of the agreement are:-

Funding

The funding agreement results in weekly rates for 2010/11 of **£550.81** (Nursing) and **£474.16** (Residential.)

Please see Annex 2 (attached) for a breakdown of the 2010/11 fee calculation.

The overall uplift for 10/11 is £10.71 (Nursing) and £9.30 (Residential), and comprises the 09/10 base fee inflated by 2.0% (£8.51 Nursing; £7.10 Residential) plus the DWP increase (£2.20).

The 'Basic Quality Payment' element of the full fee which relates to the 10/11 quality requirements is £26.24 (Nursing) and £21.26 (Residential.)

Quality Requirements

Basic Quality Award

1. In support of the payment for quality agenda, 50% of the basic quality award (*£13.12 Nursing; £10.63 Residential*) should be made available to care homes that achieve a QAF grade of 3 or more in the themed area of Quality of Care and Support, with the remaining 50% being awarded to care homes that meet the trained staff targets. The provision of the basic quality award to care homes which do not satisfy these criteria is at the discretion of councils:
 - 1.1.1. If a care home receives a QAF score of 2 or less in the themed area of Quality of Care and Support, this will trigger a Local Authority review/discussion with the care home, which could lead to the withdrawal of the quality award.
 - 1.1.2. Similarly, if a care home falls below the agreed staff training threshold, 50% of the basic quality award could be withdrawn. The schedule for qualified care staff targets will be:
 - I. 31/12/10 – **65%** of care staff excluding registered nurses listed on the Care Commission staffing notice, who are qualified at SVQ2 in care (or above). If more than 60% have achieved the reward providers will not be penalised.
 - II. 30/04/11 - **65%** of care excluding registered nurses listed on the Care Commission staffing notice, who are qualified at SVQ2 in care (or above). This standard will be consolidated into the NCHC, with the audit undertaken in December 2011.

From April 2011 both the requirement to maintain a minimum of **65%** care staff trained at SVQ2 (or above) and the current 'payment for quality' arrangement (whereby a low Care Commission QAF inspection outcome in any themed area may trigger a LA review/discussion with the potential for a review of funding) will be consolidated into the NCHC. This will mean that failure to comply may be regarded as a breach of contract with a consequent reduction in funding level to the 'default' rate

Guidance will be issued to LA's that (allowing for local discretion) there will be a clear expectation that a minimum of 50% of the Total Quality Payment will be removed if there is a final QAF grade of 2 or less in the '**Quality of Care and Support**' themed area (where a QAF inspection has taken place).

2. Enhanced Quality Award

In order to create additional incentives to improve the quality of care, an enhanced quality award will be available to the best performing care homes. Specifically:

- For Care Homes with nursing, an additional £2.00 per resident per week will be available if a QAF grade of 5 or 6 is achieved in 'Quality of Care and Support' and a minimum of grade 3 in the other categories. A further £1.00 per resident per week will be available to homes that achieve a QAF grade of 5 or 6 in 'Quality of Care and Support' and a minimum of a 5 in any one other category.
- For Residential Care Homes, an additional £1.50 per resident per week will be available if a QAF grade of 5 or 6 is achieved in 'Quality of Care and Support' and a minimum of grade 3 in the other categories. A further £1.00 per resident per week will be available to homes that achieve a QAF grade of 5 or 6 in 'Quality of Care and Support' and a minimum of a 5 in any one other category.

Performance will be judged across two 6 month periods within the financial year: April to September, and October to March. Any enhanced quality award payment will be backdated from the point of inspection to the beginning of the most recent 6 month period. Similarly, where a care home's QAF rating is downgraded, resulting in a reduction in or removal of the enhanced quality award, this should also be backdated from the point of inspection to the beginning of the most recent 6 month period. COSLA and Scottish Care will keep these mechanisms under review to ensure that the new system can be effectively administered.

General

- 3) In order to bring clarity to the relevant clauses within the national contract and promote consistency of application throughout Scotland, COSLA will issue guidance to local authorities on the criteria for and level of 'additional service charges' and 'additional care charges'.
- 4) COSLA will issue guidance to local authorities reinforcing the need to comply with the fee payment timescales defined within the national contract.
- 5) COSLA will amend the national care home model contract to incorporate the above quality requirements as well to update the previous model contract. This will eliminate the need for pre-conditions and payment conditions as required in previous years. This work to amend the current contract for 2010/11 has been complex and involved a wide range of stakeholders however is nearing an end and I would expect that the updated National Care Home Contract framework will shortly be ready for issue to local authorities.
- 6) The general approach of incentivising quality should continue via the Care Commission's Quality Assessment Framework (QAF).
- 7) In the longer term, the NCHC quality approach should become more outcome focussed, in order to advance the strategic fit with SOAs.
- 8) A partnership agenda will be advanced in such a way that encourages the sector to diversify in the face of demographic trends;

Flexibilities

N.B. In September 2007 COSLA Leaders agreed that councils could apply local discretion when considering continued payment of the quality element of care home fees. This local discretion continues to be applicable.

In addition to 'local discretion', specific flexibility has been agreed for 2010/11.

While all care home providers, able to evidence meeting the quality requirements, will receive the entire uplift from 12th April 2010 (to align with DWP uplift) or where otherwise agreed by local arrangement:-

- 6) The element that relates to care staff working towards and/or achieving qualifications for 09/10 is given for nine months; failure to meet the target on 31 December 2009 will, subject to the agreed local flexibility, result in the care staff training element being withheld for six months (if there is a satisfactory review) or to the next defined audit point (31 December 2010.)
- 7) The element that relates to care staff working towards and/or achieving qualifications for 2010/11 is given for three months; failure to meet the target on 31 December 2010 will result in any care staff training element being withheld until 3rd April 2011.

Fee Rates

Multi Occupancy / Shared Rooms

- i) Multi occupancy rooms remain outwith the national contract and as such should be funded at the 'default' rate.
- ii) Decisions on any reduction for shared rooms (dual occupancy) are a matter for local discretion but where a reduction is to be made we recommend a standard reduction of **£25**.

With regard to rates, there are four main rates:

- 1) The national contract rate with the Basic Quality Payment.
- 2) The national contract rate with part of the Basic Quality Payment (Staff Training element) removed.
- 3) The national contract rate with all of the Basic Quality Payment (both the Staff Training element & QAF Grade elements) removed.
- 4) Below the national contract (the 'default' rate) - where the national contract is not in place, or enforcement action is being taken, or for rooms for three or more.

As previously informed the process for identifying the default rate was reviewed in 2009 resulting in the default rate in any year being defined as the full negotiated rate -7.38% (Nursing) and -8.58% (Residential). This results in a default rate of £510.16 (Nursing) and £433.48 (Residential).

Care Homes would also be assessed for the enhanced quality award and if eligible would be paid an additional amount as detailed above.

Nursing Care for Older People

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|----|--|---------|
| 1) | National Contract rate + 'Basic Quality Payment' | £550.81 |
| | Dual shared room with National Contract rate + 'Basic Quality Payment' | £525.81 |
| 2) | National Contract rate -50% of 'Basic Quality Payment'
(Staff training element removed) | £537.69 |

APPENDIX 3

	Dual Shared room with National Contract rate + 50% of 'Basic Quality Payment' (<i>Staff training element</i>) removed	£512.69
3)	National Contract rate -100% of 'Basic Quality Payment' (<i>Staff training & QAF Grade elements removed</i>)	£524.57
	Dual Shared room with National Contract rate + 100% of 'Basic Quality Payment' (<i>Staff training & QAF Grade element</i>) removed	£499.57
4)	Below the National Contract fee level (default rate)	£510.16

Residential Care for Older People

1)	National Contract rate + 'Basic Quality Payment'	£474.16
	Dual shared room with National Contract rate + 'Basic Quality Payment'	£449.16
2)	National Contract rate -50% of 'Basic Quality Payment' (<i>Staff training element removed</i>)	£463.53
	Dual Shared room with National Contract rate + 50% of 'Total Quality Payment' (<i>Staff training element removed</i>)	£438.53
3)	National Contract rate -100% of 'Basic Quality Payment' (<i>Staff training & QAF Grade elements removed</i>)	£452.90
	Dual Shared room with National Contract rate + 100% of 'Basic Quality Payment' (<i>Staff training & QAF Grade element</i>) removed	£427.90
4)	Below the National Contract fee level (default rate)	£433.48

The headline conditions outlined in this letter are supported by technical guidance which is attached as Annex 1 to this letter. Annex 2 provides a breakdown of the 09/10 fee calculation. Annex 3 provides a draft letter to care home providers.