



Meeting: Highland Health and Social Care Committee

Meeting date: 8 May 2024

Title: Annual Assurance Report for Adult Social Care Fees

Responsible Executive/Non-Executive: Pamela Cremin, Chief Officer

Report Author: Colin Stewart, Acting Commissioning, Contracts and Compliance Manager

1 Purpose

This is presented to the Board for:

- Assurance

This report relates to a:

- Emerging issue

This report will align to the following NHSScotland quality ambition(s):

Safe, Effective and Person Centred

This report relates to the following Strategic Outcome(s)

Start Well		Thrive Well		Stay Well		Anchor Well	
Grow Well		Listen Well		Nurture Well		Plan Well	x
Care Well	x	Live Well		Respond Well		Treat Well	
Journey Well		Age Well		End Well		Value Well	x
Perform well		Progress well		All Well Themes			

2 Report summary

2.1 Situation

The Scottish Government provided funding to deliver a £12.00 minimum wage for all adult social care staff providing direct care in commissioned services from April 2024.

Delivering a £12 minimum wage requires an increase to the fees paid to providers delivering registered commissioned services.

Registered commissioned services include care at home, supported living, housing support, home based respite, registered daycare and care home services. SDS Option 1 direct care assistants are also included within the scope of the funding.

2.2 Background

A pay uplift for adult social care workers was announced on 19 December 2023 by the Deputy First Minister as part of the Scottish Budget for 2024/25. COSLA Leaders agreed the initial details of this uplift on 26 January 2024.

The details of the uplift for adult social care workers to a minimum of £12 per hour were confirmed in a letter from Donna Bell, Director of Social Care and National Care Service Development, Scottish Government on 26 February 2024. A copy of this letter is attached as **Appendix 1**.

The funding to enable payment of the £12 per hour was detailed in a letter from Richard McCallum, Director of the Scottish Government Directorate for Health and Social Care Finance, Digital & Governance on 26 February 2024. A copy of this letter is attached as **Appendix 2**.

2.3 Assessment

NHS Highland currently commissions approximately £131m of adult social care registered services. This also includes SDS option 1.

To uplift the within scope of the Scottish Government expectations to a minimum of £12 per hour is expected to cost around **£10.378M**.

As part of the implementation planning for the Scottish Government minimum payment of £12 per hour, the NHS Highland Adult Social Care Fees Commissioning, Briefing and Instruction Group developed a series of recommendations based on the expectations of the minimum payment and to ensure affordability.

In line with recent practice, since COVID19, the Scottish Government has set out their minimum expectations for residential and non residential services. These expectations do not apply to care homes, which are subject to the agreement reached between Scotland Excel, COSLA and Scottish Care. The detail of this separate agreement is provided in **Appendix 3**. Whilst separate, this arrangement also includes the minimum £12 per hour pay rates.

Calculations of the impact of the minimum £12 per hour payment were undertaken by financial colleagues, this along with the proposed fee rates for each type of registered service were considered by the Adult Social Care Fees Commissioning, Briefing and Instruction Group. When satisfied with the affordability, a recommendation was made to the Chief Officer and Director of Finance.

The Chief Officer and Director of Finance agreed the Adult Social Care fee uplift to the minimum payment of £12 per hour but did not agree any other recommendations outwith the minimum payment of £12 per hour.

The recommendations that were agreed by the Chief Officer and Director of Finance were then cascaded to the Joint Officer Group for homologation. As there was an urgency to initiate payment to providers for the start of the financial year, when the minimum payment of £12 per hour commenced for worker, the Co-Chairs of the Joint Officer Group provided approval, which was subsequently noted by the Joint Officer Group on 5 April 2024. The approval included confirmation from the Highland Council Executive Chief Officer Health and Social Care & Chief Social Work Officer that confirmed agreement to **£10.321m** of Scottish Government funding for the £12 per hour.

2.4 Proposed level of Assurance

This report proposes the following level of assurance:

Substantial	<input checked="" type="checkbox"/>	Moderate	<input type="checkbox"/>
Limited	<input type="checkbox"/>	None	<input type="checkbox"/>

Comment on the level of assurance

The established process for considering and agreeing fees for 2024/2025 has been followed with the necessary approvals and funding agreement sought before implementation. The increase for non residential registered services has followed the Scottish Government requirements and the residential registered services has followed the National Care Home Contract Settlement as agreed by Scotland Excel and COSLA with Scottish Care the representative body for the care home sector.

3 Impact Analysis

3.1 Quality/ Patient Care

It is anticipated that the commitment to funding and care staff wages will assist to enable providers to recruit and retain staff but we are aware that care providers

continue to face significant recruitment challenges, with the rate paid to staff identified by providers as being insufficient to recruit and retain staff.

3.2 Workforce

The continued commitment to the Scottish Living Wage is anticipated to assist retain care staff, although as noted above providers are advising that a higher rate is required to attract and retain staff.

3.3 Financial

Funding for the minimum £12 per hour payment was provided by the Scottish Government. The Highland Council Executive Chief Officer Health and Social Care & Chief Social Work Officer also confirmed the same figure within the budget was agreed by the Highland Council on 29 February and part of the pass through funding to go to NHS Highland from the Highland Council.

The cost of the implementation of the minimum £12 per hour payment will create a shortfall of approximately £57k and existing funding will be reviewed to cover this additional pressure.

3.4 Risk Assessment/Management

The fee uplift has been undertaken in line with governance and to support Scottish Government policy. There is a risk that providers do not pass on the fee increase to their staff, whilst this is unlikely, to provide assurance, providers have been required to sign a declaration confirming the minimum payment of £12 per hour will be made. This will be followed up as part of the monitoring of the provider during 2024/2025.

3.5 Data Protection

No issues identified

3.6 Equality and Diversity, including health inequalities

No issues identified

3.7 Other impacts

None identified

3.8 Communication, involvement, engagement and consultation

See 3.9 below.

3.9 Route to the Meeting

The fee approach has been previously considered by the following groups as part of the development and approval of the Adult Social Care Fees for 2024/2025.

- Adult Social Care Fees Commissioning, Briefing and Instruction Group 7 March 2024
- Adult Social Care Fees Commissioning, Briefing and Instruction Group 11 March 2024
- Chief Officer and Director of Finance Recommendations Meeting 12 March 2024
- Joint Officer Group, Joint Chair approval 15 March 2024
- Joint Officer Group, noted by 5 April 2024

4 Recommendation

- **Awareness** – For Members’ information only.

4.1 List of appendices

The following appendices are included with this report:

- Appendix No 1, Adult Social Care Pay Uplift



Adult_Social_Care_Pa
y_Uplift_2024_25_Fet

- Appendix No 2, Adult Social Care Pay Uplift in Commissioned Services



2024-25 ASC £12
pay uplift - Funding le

- Appendix No 3, National Care Home Contract 2024/25



2024-25 Settlement
Letter.pdf

**Director of Social Care and National Care
Service Development Directorate**
Donna Bell



Scottish Government
Riaghaltas na h-Alba
gov.scot

E: donna.bell@gov.scot

To: Integration Authority Chief Officers
Integration Authority Chief Finance Officers
Local Authority Chief Executives
Local Authority Directors of Finance
COSLA
Scotland Excel
ILF Scotland
Chief Social Work Officers
Scottish Care
CCPS
Care Inspectorate
Unite
UNISON
GMB
STUC
Care providers

From: Donna Bell, Director of Social Care and National Care Service Development,
Scottish Government

Date: 26th February 2024

Adult Social Care Pay Uplift

Dear colleague,

Following agreement at COSLA Leaders on 26 January 2024, I am writing to confirm the initial details of the pay uplift for adult social care workers that was announced on 19 December 2023 by the Deputy First Minister as part of the Scottish Budget for 2024/25.

As you are aware, in the Scottish Budget for the 2024/25 fiscal year, it was announced that £230 million will be transferred to Local Government to support the delivery of a £12.00 minimum wage for all adult social care staff delivering direct care in commissioned services from April 2024. This funding will be paid to Local Authorities in the weekly General Revenue Grant payments from April 2024.

There has been political agreement that the uplift to £12.00 per hour will be delivered in the same manner as the uplift to £10.90 per hour for these workers, which was delivered in the 2023/24 financial year.

Scope

The pay uplift will apply to staff providing direct care within Adult Social Care in commissioned services in the third and independent sectors. This will include Supervisors, Practitioners, Support Workers, Personal Assistants, and staff providing overnight support. This funding will apply to workers in care homes, care at home, day care, housing support, adult placement services, respite services and those delivering direct support through all SDS Options.

This funding will enable pay for these workers, in these services, to be uplifted from at least £10.90 per hour to at least £12.00 per hour.

Full details of scope and eligible services can be found at Annex A.

Timing and Process

This funding will take effect from April 2024.

In line with existing process and previous years approach, Local Government and Integration Joint Boards will be working through the required governance, legal and contractual arrangements to deliver this to providers.

Local indications suggest that most payments will be made across April and May, with funding back dated and provided from April 2024. Best endeavours will be made to have all payments with providers by July 2024. However, this relies on a timely return of contract variation letters by providers.

The Scottish Government and COSLA will meet with Scottish Care, Coalition of Care and Support Providers Scotland (CCPS) and Trade Union representatives to discuss any concerns or questions around implementation and will work together to resolve these quickly through the established troubleshooting process.

Policy Implementation

The uplift to £12.00 per hour will be distributed to providers in the same manner as the previous uplift to £10.90 per hour for the workers in scope.

This will mean a 10.09% uplift will be applied to a set percentage (national weighting) of contract values, in line with the **average full workforce costs** for residential and non-residential services. A separate agreed weighted percentage has been set for Personal Assistants who are paid directly through SDS Option 1 budgets.

The current approach provides funding for wages and on-costs and the national weightings are based on the **average full workforce costs** within a contract.

The term **average full workforce cost** references and means that the weightings do not only include workers on the £10.90 per hour in direct care roles - that this uplift to £12.00 is intended for - but that the calculation also provides for all workers

employed directly within services and the associated on-costs. This includes workers on higher rates and in non-direct care roles as are included in the contracts.

National Weightings

The national weightings for the £12.00 uplift will be the same as those used for the uplift to £10.90. These percentages are below:

- Residential care – uplift applied to **71.8%** of full contract value.
- Non-residential – uplift applied to **86.9%** of full contract value.
- SDS option 1 Personal Assistants – uplift applied to **90%** of budgets.

This equates to contract uplifts of:

- **Residential Care** **7.24%**
- **Non-Residential Care** **8.77%**
- **SDS Option 1** **9.08%**

Due to the nature of this approach, this may result in some providers having funds remaining once the policy intent - **to uplift pay for the workforce delivering direct care to at least £12.00 per hour** - has been fully delivered.

Any additional funds that providers may have from this policy must be spent on uplifting pay for the directly employed workforce working within services for the 2024/25 financial year. It is the provider's discretion of how any remaining funds are to be spent within these stipulations, but this can be used to support differentials.

The residential care uplift does not relate to National Care Home Contract rates which are dealt with separately and incorporate the pay uplift using the established Cost Model

Non-workforce costs

This policy, to uplift the minimum rate of pay for adult social care workers, provides funding for wages and on-costs within providers contracts.

Local areas still have the ability to offer increases to providers on the non-workforce costs within their contracts.

Any changes, over and above the funding for the pay uplift, on the rest of local contracts / Scotland Excel, Adult Social Care National Flexible Frameworks to address other increasing and inflationary non-workforce costs would be out with the remit of this policy and would form part of the normal local contractual negotiating process with providers and their local commissioners and finance departments. For national arrangements, Scotland Excel will work in collaboration with providers and commissioners in line with the Framework's Price Review process.

Assurance process

For this uplift, and in line with previous practice, providers will be required to sign and return contract variation letters. This will confirm that the funding must only be used for uplifting pay and local areas will be responsible for assuring this funding is used for these purposes through their normal contract monitoring processes.

As per usual process, funding will then be released to providers as soon as possible after they return their signed contract variation letters.

Personal Assistants

Separate guidance will be issued for PA employers.

ILF Scotland

Separate guidance will be issued for ILF Scotland recipients.

Childrens Social Care

Separate guidance will be issued by the Children and Families Directorate for Childrens Services.

Next steps

I hope this provides clarity on the pay uplift for 2024/25.

The Scottish Government recognises the exceptional work of the social care workforce, and we thank them for the most important role that they play in our communities.

We appreciate you sharing this with your networks and working with us to get this uplift delivered to the workforce at speed.

Yours sincerely,



Donna Bell
Director of Social Care and National Care Service Development

Annex A

Workforce in scope (those eligible to be paid a minimum of £12.00)

Broad title	Role description
Supervisor in Care Home Services / Care at Home Services / Housing Support Services / Day Care Services / Adult Placement Services / Respite Services	Worker who holds responsibilities for providing and supervising the provision of care and/or support provided directly to adults using residential care / a user within a care at home service or of a housing support service. This also includes workers providing overnight support ¹
Practitioner in Care Home Services / Care at Home Services / Housing Support Services / Day Care Services / Adult Placement Services / Respite Services	Worker who provides care and support to adults using residential care and who has responsibility for co-ordinating the implementation of care plans. This may include holding keyworker responsibilities. This also includes workers providing overnight support.
Support Worker in Care Home Services / Care at Home Services / Housing Support Services / Day Care Services / Adult Placement Services / Respite Services	Worker employed in providing care / and or support directly to adults using residential care / a user of service within a care at home service or of a housing support service. This also includes workers providing overnight support.
Personal Assistants	Separate guidance will be provided.

¹ Overnight support is where a care worker sleeps, provides a waking night service or night sitting service, in the home of someone they support or in work premises, so that they are on hand in case of an emergency or any other issue during the night.

Services in scope

The uplift applies to commissioned services for adult social care in the independent and third sectors.

This does not include workers in children's, justice, or homelessness services.

Type of service	Definition of services
Care homes	A service which provides accommodation, together with nursing, personal care or personal support, for persons by reason of their vulnerability or need this may include for: alcohol & drug misuse, blood borne virus, learning disabilities, mental health problems, older people, physical and sensory impairment or respite care and short breaks.
Care at home	<p>Care at home is registered by the Care Inspectorate as a support service – “Support Service – Care at home.”</p> <p>A support service is defined as a personal care or personal support service provided by arrangement made by a local authority or health body to a vulnerable or person in need. This does not include a care home service or a service providing overnight accommodation.</p>
Day care	<p>Adult day care is registered as a support service – “Support service – Other than care at home.”</p> <p>See definition above.</p>
Housing support	<p>A service, also defined as Supported Living, which provides support, assistance, advice or counselling to a person who has particular needs, with a view to enabling that person to occupy residential accommodation as a sole or main residence.</p> <p>This will include delegated and non-delegated services.</p> <p>The nature of the work within the contract (either residential or non-residential care) should attract the current percentage uplifts applied to the total value of the contract.</p>

	<p>While homelessness services largely fall out-with the scope of this policy, the Scottish Government recognises that homelessness services within the housing support sector as defined by the SSSC, where staff provide direct care, fall within the parameters of this policy.</p>
Adult placement services	<p>A service which consists of, or includes, arranging for the provision of accommodation for an adult (age of eighteen years or over), together with personal care or personal support or counselling, or other help, provided other than as part of a planned programme of care by reason of the person's vulnerability or need, by placing the person with a family or individual; but a service may be excepted from this definition by regulations.</p>
All SDS options (1, 2, 3 and 4)	<p>All SDS options where workers provide direct Adult Social Care support, either in a social care provider organisation or someone paying a Personal Assistant.</p>
Respite services	<p>Registerable under a care home and housing support as per the definitions above.</p>
Shared Lives	<p>Shared Lives services are a form of care that supports people to live safely and comfortably in a home and community of their choosing. Care is provided by professional carers - either individuals, couples, or families - in their homes and as part of their local community.</p> <p>The services in scope are.</p> <ul style="list-style-type: none"> • Live-in support • Daytime support <p>The nature of the work within the contract (either residential or non-residential care) should attract the current percentage uplifts applied to the total value of the contract.</p>

**Directorate For Health and Social Care
Finance, Digital & Governance**



Scottish Government
Riaghaltas na h-Alba
gov.scot

Richard McCallum, Director

T: 0131-244 3475

E: richard.mccallum@gov.scot

Integration Authority Chief Finance Officers
Integration Authority Chief Officers
Local Government Directors of Finance
COSLA

via email

26th February 2024

Adult Social Care Pay Uplift in Commissioned Services

Colleagues

Following agreement at COSLA Leaders on 26 January 2024, I am writing to confirm the distribution of the £230 million funding for the pay uplift for workers providing direct adult social care in the third and independent sectors that was announced on 19 December 2023 by the Deputy First Minister as part of the Scottish Budget for 2024-25.

The uplift for children's social care workers will be communicated separately by the Children and Families Directorate in due course.

This funding will deliver a minimum rate of £12 per hour for all adult social care staff delivering direct care in the third and independent sectors.

Annex A to this letter sets out the distribution of the funding to be passed to Integration Authorities for delegated services to cover the period from April 2024 to March 2025. Local agreement should be made in respect of eligible non-delegated services such as housing support where required.

Funding will be distributed to Local Authorities in the weekly General Revenue Grant payments from April 2024 and will be based on GAE for '*H&SC Uplift, Carers Services and Respite Care*'. This is consistent with the distribution of recurring funding for previous pay uplifts. Funding allocated to Integration Authorities should be additional and not substitutional to each Local Authority's 2023-24 recurring budgets for social care services.

Details regarding implementation of the uplift to a minimum of £12 per hour applicable from April 2024 are provided in a separate letter from Donna Bell dated 26 February 2024.

Yours sincerely

Richard McCallum



Annex A – Adult Social Care Pay Uplift in Comissioned Services

Integration Authority	Total funding (£)	% of Funding
Aberdeen City	8,643,000	3.76%
Aberdeenshire	9,927,000	4.32%
Angus	5,433,000	2.36%
Argyll & Bute	4,270,000	1.86%
Clacks and Stirling	5,885,000	2.56%
Dumfries & Galloway	7,639,000	3.32%
Dundee City	6,578,000	2.86%
East Ayrshire	5,497,000	2.39%
East Dunbartonshire	4,690,000	2.04%
East Lothian	4,637,000	2.02%
East Renfrewshire	3,929,000	1.71%
City of Edinburgh	19,275,000	8.38%
Falkirk	6,591,000	2.87%
Fife	16,199,000	7.04%
Glasgow City	24,813,000	10.79%
Highland	10,321,000	4.49%
Inverclyde	3,846,000	1.67%
Midlothian	3,572,000	1.55%
Moray	4,198,000	1.82%
Na h-Eileanan Siar	1,450,000	0.63%
North Ayrshire	6,477,000	2.82%
North Lanarkshire	13,771,000	5.99%
Orkney Islands	1,032,000	0.45%
Perth & Kinross	7,014,000	3.05%
Renfrewshire	7,657,000	3.33%
Scottish Borders	5,723,000	2.49%
Shetland Islands	960,000	0.42%
South Ayrshire	5,642,000	2.45%
South Lanarkshire	13,737,000	5.97%
West Dunbartonshire	3,916,000	1.70%
West Lothian	6,678,000	2.90%
Total	230,000,000	100%



Email: JJ.Turner@scotland-excel.org.uk
 Tel: 0141 488 8710
 Our Ref: NCHC24-25
 Date: 21 March 2024

NATIONAL CARE HOME CONTRACT 2024/25

We are pleased to advise that the National Care Home rate for 2024/25 has been agreed and we are writing to confirm the terms of this year's settlement which takes effect from 8th April 2024.

Financial Settlement

The Nursing and Residential Care Home interim rates are based on benchmarks for direct care costs and care home costs in the National Care Home Contract ("NCHC") Care Home Cost Model. The rates which will apply to payment for Nursing and Residential Care for 2024/25, effective from 8th April (commencement of the tax year for pension uprating), are as undernoted:

- **Nursing Care Rate per person per week - £948.59**
- **Residential Care Rate per person per week - £825.94**

This settlement reflects the challenging environment faced and the desire for all stakeholders to work in partnership. This recognises the Scottish Government's policy of increasing the earnings of direct care staff within commissioned adult social care to £12.00 per hour in line with the Adult Social Care Pay policy commitment.

The Care Home Cost Model benchmarks Domestic and Catering staff to the National Minimum Wage, which is set by the UK Government and, as of 1 April 2024, this is £11.44. This rate currently excludes an increase in pay for nurses and associated differentials. The offer comes with a commitment to consider the appropriate uplift to nursing care rate, maintaining associated differentials, within the model once Agenda for Change (AfC) pay negotiations have been concluded.

All other pay differentials are maintained within the settlement.

Non-Staff Costs

The settlement reflects changes in the cost calculations in the non-staffing areas of the cost model.

- The standard approach of applying CPI to all inflationary increases.
 - This includes the capital cost per bed which is now aligned to the CPI index and will increase by the CPI rate.
 - The exception to this is the cost line for registration fees. The Care Inspectorate has not increased registration fee charges since the cost model was first introduced therefore this cost line has been returned to its original agreed rate of £3.06.



Renfrewshire House,
 Cotton Street, Paisley PA1 1AR
 Tel: 0141 488 8230
 Email: contactus@scotland-excel.org.uk
 Web: www.scotland-excel.org.uk

- The introduction of an apprenticeship levy/ small care home supplement.
 - This levy has been included in the model at 0.25% of staffing costs based on analysis of costs for providers which are required to pay the levy.
 - It is recognised that the smaller, independent care homes will not meet the criteria to pay an apprenticeship levy therefore this has been included in the model as a dual line representative of a cost to larger providers and supplemental funding for smaller providers to counter any extra cost experienced due to lack of economies of scale.

Further Commitments

The Settlement recognises that all parties need to commit to an agreed redesigned NCHC and to complete work on any resultant changes to a cost model for this new contract to support sustainability concerns for smaller care homes.

Adult Social Care Pay

This arrangement requires all providers to pay all workers providing direct care, regardless of age, experience or time in employment, a minimum of £12.00 per hour. This is in line with the commitment to the Adult Social Care Pay policy which has been agreed between Scottish Government and COSLA. On this basis, the National Care Home Contract will be varied to ensure:

- The provider is funded to ensure that all direct adult social care workers are paid a minimum of £12.00.
- Providers agree that remuneration can be periodically monitored by the commissioning authority, including direct verification with employees of the provider.
- There will be no displacement of any other costs onto staff by the employer.

All other staff roles are subject to the maintaining of their differentials in the cost model. The Care Home Cost Model provides a level of transparency on the cost of care to inform the national rate, but as it is based on benchmark averages, it may not directly match the costs or staff structure of individual care homes. In keeping with previous agreements, however, displacement of cost onto staff by the employer, for example payment for uniforms or service costs, is not permitted. In the event of non-compliance, the uplift can be withheld until such time as the matter is resolved.

Personal Expense Allowances (PEA), Capital Thresholds, Savings Disregard and Free Personal and Nursing Care Rates

The information below is drawn from the advance notice of upratings for 2024/25. It is not expected that there will be any deviation from the agreed rates outlined.

The Uprating for 2024/25 rates is outlined below.

- The Personal Expenses Allowance is set at £34.50 per week.
- The Lower Capital Limit is set at £21,500 and the upper Capital Limit £35,000
- The Savings Disregard is (for a single person) from £8.15 and (for couples) from £12.10 per week.
- For care home care the Free Personal Care payment is £248.70 and Free Nursing Care rate is £111.90.

Please note that the Free Personal and Nursing Care Rates upratings are effective from 1st April 2024. The PEA, Capital Threshold and Savings Disregard are effective from 8th April 2024.

Default Rate

The "Default Rate" is the rate applied where the provider is in breach of contract as outlined in Clause A.20.10 of the National Care Home Contract (2013-14 as varied). It is determined by applying a percentage reduction of 7.38% to the nursing fee rate and 8.58% to the residential fee rate.

Contract Management

Public contracts in Scotland are governed by the provisions of the Public Contracts (Scotland) Regulations 2015 and Clause A.1.1 of the National Care Home Contract brings all current regulations into force. Those regulations require public bodies to verify that operators have not engaged in corruption, bribery, fraudulent trading or tax evasion, money laundering and human or drug trafficking. Scotland Excel will seek to revisit discussions in relation to introducing a national self-evaluation approach to meeting these requirements as part of the wider review of the NCHC. In the meantime, a local consideration will continue to be required.

Yours sincerely

Julie Welsh

Donald Macaskill

Mirren Kelly



**Julie Welsh
Chief Executive
Scotland Excel**

**Dr Donald Macaskill
Chief Executive
Scottish Care**

**Mirren Kelly
Chief Officer
Local Government Finance
COSLA**