

Scotland Excel

To: Joint Committee

On: 16 June 2023

**Report by:
Chief Executive of Scotland Excel**

Care Update

1. Summary

- 1.1 The purpose of this report is to provide members with an update in relation to the work of the social care team.

2. Recommendations

- 2.1 Members are invited to note and support the contract updates provided.

3. Background

3.1 Children's Services

3.1.1 Children's Residential Care and Education including Short Breaks

The Children's Residential Care and Education (including short breaks) flexible framework went live on 1st October 2022. The 2023/24 fee review process for the framework is currently underway with analysis of all submissions being undertaken. The process incorporated lessons learnt from previous years and a revised template was used to collect requests and evidence.

The management information process review has now been concluded for the framework, with the revised approach embedded in the latest returns. Further engagement with the User Intelligence Group (UIG) and providers is planned to agree an annual survey or management information request to providers, for the collection of more detailed and qualitative framework, service, and wider landscape information.

3.1.2 Secure Care

An initial meeting regarding "Reimagining Secure Care" has been held between Scotland Excel and the Children & Young People's Centre for Justice (CYCJ). CYCJ has been appointed by Scottish Government to lead this work, specifically:

“Reimagining Secure Care’ as part of the ‘Reimagining Justice Service’ is designed to combine views, knowledge, and experiences of all stakeholders involved to create a comprehensive understanding of what will be effective, meaningful, and sustainable for secure care services. This is to meet the needs of all children and young people who are deprived of their liberty on welfare or justice grounds, from the Children’s Hearing System or through Courts.”

Scotland Excel attended a session alongside commissioners regarding this, with a second session planned for Summer 2023. Scotland Excel will consider progressing renewal work alongside this work, given the timelines of the current contracts expiring in March 2024.

3.2 Adult Social Care

3.2.1 National Care Service (NCS) Update

Scotland Excel has attended two further meetings of The Key Stakeholder Reference Group, and updates were provided for the Co-Design and Fair Work Forum. During summer 2023 nine in-person events across Scotland will be held for participants from Lived Experience and the Stakeholder Register. They will include insight to the early research conducted, and test understanding on the emerging themes. Those leading this work plan to deepen connections with local areas, conduct individual interviews and potentially run events in care homes. The outputs will then be shared at the NCS Forum in October 2023.

Adult Social Care Workforce and Fair Work Division provided an update on the Fair Work workstreams. The commitment for the NCS to be an exemplar of fair work is established with the Guiding Principles for the NCS as set out in the Bill. The workstreams previously established to deliver the Fair Work Convention (FWC) recommendations will be the primary route through which this commitment is to be met.

The four workstreams are pay, terms and conditions, effective voice, and sectoral bargaining.

At the point of writing, the Health and Sports committee had not produced a report on their examination and gathering of views of the National Care Service (Scotland) Bill.

A further extension to the Stage 1 debate has been requested seeking a post-summer recess date.

3.2.2 National Care Home Contract (NCHC)

In previous years the fee setting process for the National Care Home Contract would have been completed by this point.

The care home sector has rejected the final offer from the negotiating team of Scotland Excel, COSLA and Local Authority representatives of a 6% increase in placement costs for the fiscal year of 2023/24.

At present an interim offer of 2.11% for nursing homes and 2.77% for residential homes has been implemented with partial agreement from the care home sector. It is the sectors intention to make representations to the Scottish Government for both an increase in the adult Social Care workforce hourly rate to £12, and further funding for cost pressures related to the costs of living. Scotland Excel and COSLA have been clear that they cannot support anything above the best and final offer of 6% and the alignment with the Adult Social Care uplift, which is in line with the Real Living Wage (RLW). As such, the request for a £12 hourly rate for care workers will require Scottish Government intervention.

It is unclear at this time whether the care home sector will agree to the 6% offer once that process has been completed.

Whilst Scottish Care has communicated a commitment to maintaining the NCHC and to reviewing the current cost of care calculator, recent developments have further highlighted the need to secure a new arrangement which meets the needs of purchasers and providers to deliver individuals residential and nursing care.

On Wednesday 24th May, Scottish Care released a media statement raising their concerns of workforce pay and the sustainability of the care home sector. COSLA provided a response for all media enquiries.

There is currently concern both from the Scottish Government and at local authority level about the financial viability of the care home sector. Scotland Excel has played an active part in the Care Home Assurance and Viability sub-group (now disbanded) and is participating in a Financial Stability of the Care home Sector meeting with Chief Finance Officers and COSLA. Scottish Government have recently established a new Viability Group which includes a number of SG Departments as well as COSLA and Scotland Excel.

Scotland Excel continues to support local authorities during this uncertain time with analysis, information, advice, and support.

3.2.3 Residential Rehabilitation

The Residential Rehabilitation project was commissioned by the Scottish Government with the remit of researching and developing national approaches for commissioning of alcohol and drug residential rehabilitation. The Procurement Strategy has been approved by the appropriate governance forums and it is anticipated that the tender will be published in June 2023,

subject to final agreement of the service specification with Scottish Government colleagues.

3.3 Annual fee-setting

The contracts in the social care portfolio typically allow for a process of annual fee uplift requests. This gives awarded providers the opportunity to request increases to the agreed pricing of services.

Cost pressures are examined against known data sources for comparison. This includes separating cost pressures into staff costs and non-staff costs or 'overheads'. Examples of measures of increase for these include:

- Real Living Wage uplifts for staff; and
- Increases measured by the Consumer Prices Index for non-staff costs.

To guide the approach and ensure alignment with local authority expectations, senior representatives of councils were approached to form governance groups.

Children's services held several meetings with a panel of senior local authority representatives to discuss and agree the approach to fee-reviews on an annual basis. This group comprised representation from:

- a. Directors of Finance;
- b. Chief Finance Officers;
- c. COSLA; and
- d. a Head of Service.

Adult services are establishing a similar group also comprising representatives of commissioning officers to guide the response to fee uplift requests.

This approach allows for consistency across the social care portfolio and a commonality in how providers awarded to different contracts are treated in respect of uplift requests.

3.3.1 Children's services overview

Table 1 summarises the price uplift requests received across the children's services contract portfolio.

Both the volume and extent of uplifts requested for implementation in 2023/24 are significant.

	Secure Care	Children's Residential	Fostering and Continuing Care
Fee/Price review requests received	4	27	12
Services affected	4	229	54
Maximum % request	17.5%	25.2%	12.8%
Minimum % request	3.7%	1.6%	0.8%
Average % requested	11.9%	7.0%	4.7%
Average % offer	6.7%	4.3%	TBC

Table 1 : Children's Services overview

The dominant pressures reported by providers in the children's sector this year were:

- Teachers' pay settlements which were agreed with Unions at a rate which was higher than most had anticipated;
- General cost-of-living increases for other staff; and
- Inflationary increases attributable to non-staff costs, particularly heating and lighting, provisions, and insurance premiums.

The sustainability of companies was also tested as part of the process. Providers with high profit levels were requested to manage price increases by utilising some of the money made on placements to offset and mitigate increases which would otherwise have been charged to local authorities.

The completion of the process is expected by the end of June, the outcome of which will be shared with local authority stakeholders.

3.3.2 Adult Services overview

Table 2 summarises the price uplift requests received across the children's services contract portfolio.

	CHALD *	Care & Support *
Fee/Price review requests received	14	80
Services affected	42	296
Maximum % request	127%	266%
Minimum % request	4%	1%
Average % requested	30%	47%
Average % offer*	Analysis of the data is ongoing.	

Table 2 : Adult Services overview

The framework providers have received the Adult Social Care Uplift (ASC) for the workforce element of their service schedules, with the mandated 86.9% weighting applied. In line with the Scottish Government implementation timeline plan, completed on 31 March 2023. This should enable Council finance teams to make the necessary adjustments, in line with their governance arrangements, to process the ASC payment to the framework providers.

The overheads element of the contract hourly price rate is 13.1% for which framework providers can request a price review. The Scotland Excel flexible framework terms allow for this. The submission date for price review requests for the overheads element was the 19 April 2023.

Based on the improvements to this year's process it is anticipated completion will be by July.

A Strategic Commissioners Representatives Group with nominations from at least 2 Chief Finance Officers to represent Councils, COSLA, Scotland Excel and Scottish Government will be in place.

The group will agree the principles, for example setting caps on management fee as well the relevant indices and offers/negotiations.

3.3.3 Care and Support and Care Homes for Adults with Learning Disabilities Including Autism

The Adult Social Care Uplift Price/Fee review is the primary focus for contract and supplier management activities for the Care and Support and Care Homes for Adults with Learning Disabilities Including Autism flexible frameworks. The framework providers have received the Scottish Government Adult Social Care (ASC) Uplift with the revised price schedules, and the mandated weightings

applied. This will enable Council finance teams to make the necessary adjustments for processing payment to the framework providers.

The Scotland Excel flexible framework terms allow providers to request a price review for business overhead costs not in the scope of the ASC Uplift by 19 April 2023. Analysis of the data is still at an early stage, However, so far there have been a significant number of submissions with requested increases in excess of 7% - which are unlikely to be agreed. Of the services for which information has been provided, 305 services will be asked to clarify and explain their increases for Care and Support and 42 care home services in Care Homes for Adults with Learning Disability.