

## Scotland Excel

**To: Chief Executive Officers Management Group**

**On: 18 March 2024**

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

### **Social Care Update**

#### **1. Purpose**

- 1.1. The purpose of this report is to provide CEOMG with an update in relation to the national social care contracts.

#### **2. National Care Home Contract (NCHC)**

- 2.1. Scottish Care, the organisation representing care home providers, withdrew from the usual negotiations on the NCHC rate for 2024/25 and instead requested that an offer be made to them.
- 2.2. Scotland Excel worked with COSLA and the local government negotiation group to determine an appropriate offer based on the Cost of Care Model which was updated to reflect current cost pressures. The offer presented was as set in the table below.

Weekly Fee 2024/25	Percentage Increase
£948.59	6.76%
£825.94	8.3%

This does not include a pay increase for nursing staff as negotiations on pay for nurses have not been concluded. The Cost of Care Model will require to be reviewed once agreement on nurses pay has been confirmed.

- 2.3. Scottish Care members voted to accept this offer. Scottish Care noted, however, that some members felt the offer was unsustainable and therefore they may withdraw from participation in the NCHC. This poses a potential risk to sustainability of service delivery for local government should providers withdraw from the NCHC and seek to impose higher rates.
- 2.4. A updated contract has been produced and shared with Scottish Care with the expectation that this will replace the existing contract from April.
- 2.5. Attempts to work collaboratively with Scottish Care to undertake a more substantial review and redesign of the NCHC have not been successful to

date. A new NCHC improvement strategy will be developed in the coming months with local government colleagues to confirm priority areas for improvement.

### **3. Adult Social Care Fee Variation**

3.1 Scottish Government confirmed the approach to the adult social care pay increase for 2024/25 in February. An increase from £10.90 to £12 per hour for eligible workers is to be applied in line with previous years. For the national frameworks an increase of:

- 8.77% of the total contract value is to be applied in the care & support framework (10.09% increase applied to 86.9% staffing costs)
- 7.24% of the total contract value is to be applied to the care homes for adults with learning disabilities (10.09% increase applied to 71.8% staffing costs)

3.2 In addition to the Scottish Government mandated increase in staffing costs, Scotland Excel proposed applying a small increase to the non-staffing portion of costs of both contracts. This was based on the relevant components of the CPIH for each service type:

- 0.42% for care & support (3.17% inflationary increase applied to 13.1% non-staffing costs)
- 0.97% for care homes (3.43 % inflationary increase x 28.2% non-staffing costs)

3.3 This proposal was rejected by the Strategic Purchasers Reference Group with CFOs instead seeking a cost neutral position. As both contracts are being re-tendered in 2024, giving providers an opportunity to propose new rates, Scotland Excel has agreed not to apply an increase to the non-staffing element this year. This does pose a number of risks however, including:

- risk to provider sustainability if the adult social care pay increase is insufficient to meet the policy intent
- Scotland Excel is committed to ethical commissioning and may face criticism in relation to this approach
- risk that providers will seek to recoup lost income (from April until the new contract start date) by increasing prices under the new frameworks
- risk that providers will significantly front load contract pricing under the new frameworks to counter the risk of further 0% increases during the contract lifetime.

#### **4. Childrens Services Fee Variation**

- 4.1 In September 2023 the First Minister announced that the £12 per hour pay for care workers would extend to those working in children's services for the first time. COSLA and Scottish Government have been working with various partners to consider the scope of eligible roles in children's services and to consider options for implementation. Different risks, issues and benefits exist in relation to the various options which will be considered by Scottish Government before a final plan for implementation is agreed.
- 4.2 Scotland Excel has received fee variation requests from providers seeking increases from 1.62% to 30% with an average increase of 8.78% sought. Initial analysis and clarifications on requests have been undertaken but work on this is now paused awaiting confirmation from Scottish Government on the implementation of the £12 pay commitment.
- 4.3 Given the ongoing discussions, implementation of the £12 pay increase in children's services will not be possible before April 2024, therefore fee variations will require to be backdated once agreed.

#### **5. Joint Event with CCPS**

- 5.1 In February, Scotland Excel and CCPS held a joint event for CCPS members to discuss working with national contracts and areas for collaborative improvement. The workshop provided an opportunity to confirm the roles and responsibilities of Scotland Excel for those in attendance as some negative feedback from CCPS members appeared to stem from a lack of clarity on the role of Scotland Excel.
- 5.2 A number of areas were highlighted as areas for further joint work, it is likely that small joint working groups will be established to progress work on a range of themes. A list of actions and priorities will be agreed with CCPS but is likely to include:
- Information sharing
  - Data collation
  - Fee variation processes
  - Increasing standardisation

- 5.3 One area of significant concern and frustration for providers which was highlighted throughout the session was duplication of effort where local authorities develop local contracts which duplicate those in the national portfolio.

## **6. Next Steps**

- 6.1 CEOMG members are asked to:

- Consider priority areas for the NCHC re-development work;
- note the risks and issues highlighted in relation to the fee variation processes; and
- Consider appropriate steps to minimise duplication of effort for providers and local authorities.