



To: Integration Joint Board

On: 24 June 2016

Subject: Financial Report 1st April 2016 to 31st May 2016

Report by: Chief Finance Officer

1. Purpose

1.1. The purpose of this report is to advise the Integration Joint Board (IJB) of the Revenue and Capital Budget current year position as at the 27th May (Social Work) and 31st May 2016 (Health), and to provide an update on:

- Implementation of the Living Wage
 - Adult Social Care Charging
 - Integrated Care Fund Proposed Governance Arrangements
 - Health Board Contribution to the IJB
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2. Recommendation

It is recommended that the IJB note:

- a) The financial position to date, including that the overall financial position may change depending on the outcome of NHSGGC financial planning process for 2016/17;
 - b) The progress of the financial planning process for 2016/17;
 - c) The progress of the Living Wage Implementation Project;
 - d) The changes to the HSCP's Adult Social Care financial assessment and charging framework for 2016/17; and
 - e) The progress with the financial planning process for 2016/17 in respect of NHSGGC contribution to the IJB.
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3. Summary

3.1 The overall revenue position for the HSCP at 31st May 2016 is a breakeven position. Members should however be aware that this position may change pending the outcome of NHSGGC financial planning process for 2016/17.

3.2 As the 2016/17 budget for delegated health services has not yet been agreed, the Chief Finance Officer has made a number of assumptions in the current projections: for all delegated health services the same level of funding as 2015/16 will be transferred to the HSPC, less the current agreed savings of £496k; reduction in property costs reflecting the transfer of responsibilities for facilities management budgets to

NHSGGC Board; and increases reflecting the changes to uplifts for pays, non-pays and prescribing growth in 2016/17 as summarised in Appendix 4.

Division	Current Reported Position	Previously Reported Position
Social Work – Adult Services	Breakeven	Breakeven
Renfrewshire Health Services	Breakeven	Breakeven
Total Renfrewshire HSCP	Breakeven	Breakeven

3.2. The key pressures are highlighted in section 4 and 5.

4. **Social Work – Adult Services**

Current Position: Breakeven
Previously Reported: n/a

4.1 **Older People**

Current Position: Net overspend of £4k
Previously Reported: n/a

Currently, the position within Older People reflects a marginal overspend. However, there are significant pressures within the care at home service despite additional monies being invested by the Council in the service as part of the 2016/17 budget process. The current position is being managed through the use of non-recurring monies which will only be available in the current year.

In addition to pressures within the care at home service, there continues to be an under recovery of income from the Council's residential Care Homes reflecting occupancy levels.

4.2 **Physical Disabilities**

Current Position: Net overspend of £5k
Previously Reported: n/a

As previously reported, this overspend is due to increases in the purchase of equipment to support service users to stay in their own homes reflecting the shift in the balance of care to the community and their associated needs.

4.3 **Budget realignment exercise**

Work is currently underway to review and realign the Adult Social Care budget to ensure that where possible, budgets reflect actual spend. This will include a reconfiguration of the payroll budget and adult supported placement budget to allow for clearer reporting of variances, and to ensure that budgets are allocated to the correct client group.

5. Renfrewshire Health Services

Current Position: Breakeven
Previously Reported: n/a

5.1 **Adult Community Services** (*District and Out of Hours Nursing; Rehabilitation Services, Equipu and Podiatry*)

Current Position: Net underspend of £62k
Previously Reported: n/a

This net underspend is mainly in relation to payroll costs reflecting turnover within the service and time taken to recruit to specialist posts.

5.2 **Hosted Services** (*support to GP's for areas such as breast screening, bowel screening, for NHSGGC*)

Current Position: Net underspend of £57k
Previously Reported: n/a

This underspend reflects historical underspends within the service due to vacant administrative and special project posts.

5.3 **Mental Health**

Current Position: Net overspend of £49k
Previously Reported: n/a

Overall, Mental Health services are reporting an overspend of £49k. As previously reported, this overspend is due to a number of contributing factors within both adult and in-patient services which are offset by an underspend within the adult community budget due to vacancies within the service.

As highlighted in 2015/16, the main overspends within in-patient services relate to significant costs associated with patients requiring enhanced levels of observation across all ward areas. Staffing for enhanced observations is unfunded, and as a result reliance is on the nurse bank to provide safe staffing levels to meet this level of demand and activity. In addition, pressures continue in relation to maintaining the recommended safe staffing and skill mix for registered nurse to bed ratios.

5.4 **Other Services** (*Business Support staff; Admin related costs, hotel services and property related costs including rates and rental costs*)

Current Position: Net overspend of £53k
Previously Reported: n/a

The overspend within other services is due to the impact of the 16/17 agreed savings which are still to be allocated to individual budget lines within other Care Groups.

5.5 **Prescribing**

Current Position: Breakeven
Previously Reported: n/a

The 2016/17 prescribing budget for NHSGGC will be based on the prescribing spend position as at March 2016. The 2016/17 budget will be calculated consistent with the methodology used in recent years. However, this figure has not yet been confirmed. Overall, the forecast remains a breakeven as NHSGGC Board's intention is to maintain the risk sharing arrangement between HSCP's and NHSGGC. Essentially, the financial risk continues to sit with NHSGGC. This will be kept under review throughout 2016/17.

6. Capital Programme

Description	Original Budget	Revised Budget	Spend to Date	Still to Spend
Anchor Centre Roof Replacement	£400k	£310k	£0k	£310k
Total SW	£400k	£310k	£0k	£310k

As reported in the year end financial report, the tender process for the Anchor Centre roof replacement closed in February 2016, with the tender being awarded to Curtis Moore Cladding Systems (who specialise in metal standing roof systems) at the end of April 2016. It is anticipated that works will commence on site in mid July 2016 once all roof survey works have been completed.

7 Implementation of the Living Wage - update

- 7.1 Renfrewshire Council Procurement Team, working with the Chief Finance Officer, on behalf of the IJB, is entering into discussions with contracted providers of adult care services, to agree implementation of the payment of the UK Living Wage of £8.25 per hour to all care workers providing direct care and support from 1st October 2016.
- 7.2 This commitment to the UK Living Wage will be funded in part by the settlement received from the Scottish Government Integration Fund, with the balance being met by the providers. The Scottish Government have provided guidance to support delivery of the Living Wage commitment which confirms that the fund applies only to care workers providing direct care and support to adults in care homes, care at home and housing support services (Appendix 5).
- 7.3 Under the terms of the National Care Home Contract the settlement for care homes has already been agreed, therefore, Renfrewshire Council Procurement Team will lead the negotiations with Care at Home providers and providers of Supported Living Services.
- 7.4 The initial round of negotiations will focus on the 7 contracted care at home providers and 12 contracted supported living providers. All providers in scope have been sent initial correspondence requesting

the submission of information relating to staff numbers and salaries. The HSCP will work collaboratively with each provider and agree individual settlements based on actual costs. This will ensure that all of the resources available are used to deliver the Scottish Government's Living Wage commitment. This programme of work must be complete by 1st October 2016 to ensure that Renfrewshire Council and the IJB meet their commitment to implement the Living Wage for all care staff.

8. Adult Social Care – Charging Update

- 8.1 Each year adult social care clients who are in receipt of 'chargeable' services are subject to a financial reassessment in order to ensure that their service charges are based on their most up to date financial position.
- 8.2 Financial assessments fall into two categories:
- Residential Care – for which the Scottish Government's Guidance on Charging for Residential Accommodation – CRAG is applied. (www.gov.scot/Topics/Health/Support-Social-Care/Financial-Help/Charging-Residential-Care)
 - Non Residential Care - for which Renfrewshire Council's charging policy is applied (based on COSLA recommended guidance).
- 8.3 Financial assessments are undertaken when clients who live in the community start to receive chargeable services (Non Residential Care) or when a client enters a care home (Residential Care).
- 8.4 The DWP annually review the level of benefits paid to individuals, this means the income they receive is subject to change. Therefore, in order to ensure that client charges are based on their most up to date financial position, Local Authorities undertake a financial reassessment exercise, commencing in April, and reassess all service users weekly care contributions, taking into consideration any changes in charging guidance and weekly income.
- 8.5 As part of measures to ensure that the charges which a person pays for non residential care services are affordable for those on a low income, and, to recognise that not all of a client's income should be included in calculating their charges, a 'buffer' is added to weekly minimum income levels set by the DWP. The effect of the buffer is to allow client's to retain a greater level of income prior to charges being payable.
- 8.6 For 2016/17 the Scottish government have increased this buffer from 16.5% to 25%. In addition, Renfrewshire Council have also reduced the charging taper from £0.85p per pound to £0.50p per pound. This means less of a person's available weekly income will be included in calculating their charges. Examples of how this will affect a client's weekly charge are shown in Appendix 2.
- 8.7 For residential care, the Scottish Government annually update the thresholds and allowances which must be taken into consideration when calculating a client's weekly charge.

- 8.8 For non-residential care Renfrewshire Council have applied a 2.5% increase to chargeable services, e.g. Community Meals, Community Alarms.
- 8.9 Information relating to changes in buffers, tapers, savings, personal allowances, Free Personal Care payments and any fixed chargeable services are detailed in Appendix 3.
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9. Integrated Care Fund

- 9.1 The Integrated Care Fund (ICF) commenced in April 2015, following an announcement from the Scottish Government that £100m would be made available to health and social care partnerships in 2015-16 to support delivery of improved outcomes from health and social care integration, help drive the shift towards prevention and further strengthen approaches to tackling inequalities. The £100m resource included and then built upon the former Reshaping Care of Older People (RCOP) Change Fund with the intention that the funding be used to focus on prevention, early intervention and care and support for people with complex and multiple conditions.
- 9.2 Early in 2016, correspondence from the Scottish Government regarding the ICF, suggested that the ICF budget had been mainstreamed and should be treated as recurring monies. However, more recent information from the Scottish Government has indicated that funding is confirmed only to the end of 2017/18. The Chief Finance Officer will seek further clarification from the Scottish Government in this regard and report back to the IJB.
- 9.2 Renfrewshire HSCP receives an allocation of £4.14m per year from the ICF which includes a Renfrewshire Council contribution. Currently, the Renfrewshire HSCP funding is allocated over nine project areas.
- 9.3 Over the past years the change fund, and ICF programmes have had a primary focus on delays in discharge and the appropriate avoidance of hospital admissions. The success of these programmes has led to a significant reduction in the number of bed days lost due to delayed discharge, with active service improvement work continuing to be applied to the management of AWI cases, which currently comprise the majority of delays in discharge for Renfrewshire.
- 9.4 The outturn position for the ICF in 2015/16 was a planned underspend of £1.7m which has been carried forward into 2016/17. This was to allow the HSPC time to develop clearer priorities for the ICF, aligned with the draft Strategic Plan ensuring that ICF monies are maximised to enable us to transform services focusing on prevention, early intervention, and care and support for people with complex and multiple conditions.
- 9.5 In order to ensure the ongoing strategic fit of existing ICF funded projects, they will be subject to review as part of the IJB's financial planning process for 2017/18. This will include sustainability/exit plans

being built into any funding we allocate recognising that the ICF is only confirmed until the end of 2017/18.

9.6 Consideration must therefore be given to the basis of the arrangements that some providers have with the HSCP for the delivery of ICF funded services as some of the awards are substantial and on a recurring basis.

9.7 **Review of ICF Governance Arrangements**

9.7.1 Since its introduction, Renfrewshire has operated with an ICF Group, the function of which was to manage the implementation of the 2015/16 ICF in consultation with the HSCP Senior Management Team and in line with the Scottish Government's guidance.

9.7.2 In light of the establishment of the IJB, which assumed responsibility for the ICF from 1 April 2016, the IJB should now approve appropriate local governance arrangements for the future management of the ICF.

9.7.3 In line with Scottish Government guidance, the IJB through the Chief Officer will lead work to develop, the ICF Plan with the HSCP's two key partners:

- Scottish Care (SG approved partner representing the independent care sector)
- Engage Renfrewshire (Third Sector Interface body representing the third (voluntary) sector)

9.7.4 The Chief Officer will now establish a reformed ICF Group. This group will include members of the HSCP Senior Management Team. The Chief Officer working with the CFO will set out simple terms of reference for the group and ensure appropriate financial governance arrangements are in place. The newly formed group will then commission and approve spend in line with the ICF criteria and HSCP strategic priorities, and submit regular updates to the IJB on the progress and outcomes of each project.

9.7.5 Subject to the approval of the above a report detailing all currently funded ICF projects, planned spend for 2016/17, Terms of Reference and membership details of the HSCP ICF group will be brought to the September IJB meeting.

10. **NHSGGC Contribution to Integration Joint board**

10.1 The Chief Finance Officer in the Financial Due Diligence Update report to the IJB meeting of 18 March 2016 highlighted that the NHSGGC budget for 2016/17 had not yet been formally set and the plans to meet the identified financial pressures were still being developed. It was also confirmed that until a budget is set by NHSGGC, the CFO would not be in a position to complete the financial due diligence assessment of the proposed NHS budget transfer. The report also set out recommendations to the IJB going into 2016/17 in light of the financial

uncertainty, and the key areas of risk this represents for the IJB in its preparations for the delegation of services from 1 April 2016.

- 10.2 One of the key recommendations was that the Chief Officer (on delegated authority from the IJB) should issue Interim Directions to the constituent authorities, pending confirmation of the final 2016/17 IJB Budget, and that service priorities reflect the current budget position. These directions were issued to the Chief Executives of Renfrewshire Council and NHSGGC on 31 March 2016.
- 10.3 NHSGGC has not yet formally approved its budget for 2016/17; this means that it will not be possible for the IJB to consider a finalised budget for 2016/17 from NHSGGC until the next meeting of the IJB in September 2016. It is believed that the NHSGGC's Board may approve the budget for 2016/17 and Local Delivery Plan at its 28 June 2016 meeting.
- 10.4 Consequently, it will also not be possible for the IJB to formally approve the Strategic Plan and Implementation Actions until the September 2016 IJB meeting.
- 10.5 In practice this will not affect the activity of the Health and Social Care Partnership in either planning or operational terms. The Interim Strategic Plan has been extensively consulted upon and considered and the Partnership is working to it. The remaining risk is that the indicative budget provided by NHSGGC is higher than the actual allocation received once our budget offer is made. As this becomes clear after 28 June 2016, the Chief Officer and Chief Finance Officer will ensure that the Chair and Vice Chair are fully aware and briefed on the overall financial position until issues can be fully considered at the September 2016 IJB meeting.
- 10.6 To date, Renfrewshire HSCP has agreed net cash releasing savings of £496k for 2016/17 for its health service spend. This is Renfrewshire's share of the circa £10m HSCP cash releasing savings across the NHSGGC area, delivered as part of a collaborative approach to savings across the six NHSGGC Health and Social Care Partnerships.

Implications of the Report

1. **Financial** – The position for the HSCP at 31st May 2016 is currently a breakeven position, however be this position may change pending the outcome of NHSGGC financial planning process for 2016/17.
2. **HR & Organisational Development** – none
3. **Community Planning** - none
4. **Legal** – none
5. **Property/Assets** – none.
6. **Information Technogloy** – none
7. **Equality & Human Rights** – The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement have been identified arising from the recommendations

contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.

- 8. **Health & Safety** – none
- 9. **Procurement** – none
- 10. **Risk** – highlight the risk associated with the budget position for 2016/17.
- 11. **Privacy Impact** – none.

List of Background Papers – none.

Author: Sarah Lavers, Chief Finance Officer

Social Work Revenue Budget Position
1st April 2016 to 27th May 2016

Subjective Heading	Annual Budget £000's	Year to Date Budget £000's	Actual to Date £000's	Variance		
				£000's	%	
Employee Costs	24,862	3,829	3,820	9	0.2%	underspend
Property Costs	354	55	59	(4)	-7.3%	overspend
Supplies and Services	1,470	226	233	(7)	-3.1%	overspend
Contractors	44,795	6,899	6,908	(9)	-0.1%	overspend
Transport	722	111	109	2	1.8%	underspend
Administrative Costs	229	35	34	1	2.9%	underspend
Payments to Other Bodies	9,977	1,536	1,528	8	0.5%	underspend
Capital Charges	-	-	-	-	0.0%	breakeven
Gross Expenditure	82,409	12,691	12,691	-	0.0%	breakeven
Income	(21,534)	(3,316)	(3,316)	-	0.0%	breakeven
NET EXPENDITURE	60,875	9,375	9,375	-	0.00%	breakeven

Position to 27th May is a breakeven of **£0 0.00%**
 Anticipated Year End Budget Position is a breakeven of **£0 0.00%**

Client Group	Annual Budget £000's	Year to Date Budget £000's	Actual to Date £000's	Variance		
				£000's	%	
Older People	41,100	6,330	6,334	(4)	-0.1%	overspend
Physical or Sensory Difficulties	5,182	798	803	(5)	-0.6%	overspend
Learning Difficulties	11,955	1,841	1,838	3	0.2%	underspend
Mental Health Needs	1,046	161	155	6	3.7%	underspend
Addiction Services	942	145	145	-	0.0%	breakeven
Integrated Care Fund	650	100	100	-	0.0%	breakeven
NET EXPENDITURE	60,875	9,375	9,375	-	0.00%	breakeven

Position to 27th May is a breakeven of **£0 0.00%**
 Anticipated Year End Budget Position is a breakeven of **£0 0.00%**

**Health Revenue Budget Position
1st April 2016 to 31st May 2016**

Subjective Heading	Annual Budget £000's	Year to Date Budget £000's	Actual to Date £000's	Variance		
				£000's	%	
Employee Costs	43,806	7,390	7,239	151	2.0%	underspend
Property Costs	611	92	102	(10)	-10.9%	overspend
Supplies and Services	18,012	913	968	(55)	-6.0%	overspend
Purchase of Healthcare	44	8	12	(4)	-50.0%	overspend
Resource Transfer	16,872	2,812	2,812	-	0.0%	breakeven
Family Health Services	77,564	12,810	12,809	1	0.0%	underspend
Savings	(496)	(83)		(83)	100.0%	overspend
Capital Charges	-	-	-	-	0.0%	breakeven
Gross Expenditure	156,413	23,942	23,942	-	0.0%	breakeven
Income	(3,973)	(558)	(558)	-	0.0%	breakeven
NET EXPENDITURE	152,440	23,384	23,384	-	0.00%	breakeven

Position to 31st May is a breakeven of £0 0.00%
Anticipated Year End Budget Position is a breakeven of £0 0.00%

Client Group	Annual Budget £000's	Year to Date Budget £000's	Actual to Date £000's	Variance		
				£000's	%	
Addiction Services	2,638	322	323	(1)	-0.3%	overspend
Adult Community Services	13,726	2,251	2,189	62	2.8%	underspend
Children's Services	5,153	967	963	4	0.4%	underspend
Learning Disabilities	977	163	169	(6)	-3.7%	overspend
Mental Health	18,890	3,134	3,183	(49)	-1.6%	overspend
Hosted Services	3,449	587	530	57	9.7%	underspend
Prescribing	33,310	5,769	5,769	-	0.0%	breakeven
GMS	21,416	3,439	3,439	-	0.0%	breakeven
Other	20,548	3,243	3,243	-	0.0%	breakeven
Planning and Health Improvement	1,091	247	261	(14)	-5.7%	overspend
Other Services	10,957	305	358	(53)	-17.4%	overspend
Resource Transfer	16,872	2,812	2,812	-	0.0%	breakeven
Integrated Care Fund	3,413	145	145	-	0.0%	breakeven
NET EXPENDITURE	152,440	23,384	23,384	-	0.00%	breakeven

Position to 31st May is a breakeven of £0 0.00%
Anticipated Year End Budget Position is a breakeven of £0 0.00%

for information:

1. Adult Community Services includes: District and Out of Hours Nursing; Rehabilitation Services, Equipu and board wide responsibility for Podiatry
2. Children's Services includes: Community Services - School Nurses and Health Visitors; Specialist Services - Children's Mental Health Team, Speech Therapy
3. GMS = costs associated with GP services in Renfrewshire
3. Other = costs associated with Dentists, Pharmacists, Optometrists
4. Hosted Services = board wide responsibility for support to GP's for areas such as eg breast screening, bowel screening
5. Other Services = Business Support staff; Admin related costs, hotel services and property related costs including rates and rental costs.

Appendix 2

Examples of how the changes to the buffer and taper will effect clients

Mr A	
87 year old client receiving CAH 10 hrs per week. The cost of this chargeable service is £142.40 per week	£142.40
Overall Chargeable Service Provided	
Clients Income	
Occupational Pension	£73.65
Superannuation/Occupational Pension	£12.75
Retirement Pension	£128.70
Guarantee Credit	£57.80
Savings Credit	£14.82
Attendance Allowance	£55.10
Total Income	£342.82
Disregards	
Disregard Threshold	-£151.20
Mortgage Payment	-£65.00
Total Disregards	-£216.20
Total Income Less Disregards	£126.62
16% Buffer	-£25.80
Available Income which charges can be applied.	£100.82
Charge with 0.85 Taper (16% Buffer)	£85.70
25% Buffer	-£37.80
Total Client Available Income which charges can	£88.82
Charge with 0.50 Taper (25% Buffer)	£44.41
Client Saving per week (Difference between	£41.29
Client Saving Per Year (Saving per week	£2,152.70
multiplied by 52.14)	

Miss B	
44 year old client receiving 21 hours Care At Home service from Local Authority per week. The cost of this chargeable service is £299.04	£299.04
Overall Chargeable Service Provided	
Clients Income	
DLA Care Component	£83.20
Income Support	£35.47
Severe Disablement Allowance	£85.80
DLA Mobility Component	£57.45
Total Income	£261.92
Disregards	
Disregard Threshold	-£105.35
DLA C High	-£27.20
DLA Mobility Component	-£57.45
Total Disregards	-£190.00
Total Income Less Disregards	£71.92
16% Buffer	-£17.65
Available Income which charges can be applied.	£54.27
Charge with 0.85 Taper (16% Buffer)	£46.13
25% Buffer	-£26.60
Total Client Available Income which charges can	£45.32
Charge with 0.50 Taper (25% Buffer)	£22.66
Client Saving per week (Difference between	£23.47
Client Saving Per Year (Saving per week	£1,223.70
multiplied by 52.14)	

Mr & Mrs C	
Couple over 60 years old receiving 40hours Care At Home service from Local Authority. The cost of this chargeable service is £284.80	£284.80
Overall Chargeable Service Provided	
Clients Income	
DLA Care Component	£166.40
Income Support	£186.90
Savings Credit	£29.64
DLA Mobility Component	£57.45
Total Income	£440.39
Disregards	
Couple Disregard Threshold	-£230.85
DLA C High	-£27.20
DLA Mobility Component	-£57.45
Total Disregards	-£315.50
Total Income Less Disregards	£124.89
16% Buffer	-£38.15
Available Income which charges can be applied.	£86.74
Charge with 0.85 Taper (16% Buffer)	£73.73
25% Buffer	-£58.15
Total Client Available Income which charges can	£66.74
Charge with 0.50 Taper (25% Buffer)	£33.37
Client Saving per week	£40.36
Client Saving Per Year (Saving per week	£2,104.32
multiplied by 52.14)	

Glossary of Terms Used in Relation to Social Care charging

Attendance Allowance - You can claim attendance allowance if you are disabled, are aged 65 or over and need help to look after yourself. There are two rates of payment, a lower rate and a higher rate. Attendance allowance is tax free and not means tested.

Available Income which charges can be applied – This is the weekly income less disregards. We then apply a set charge (Taper of 50p) for every £1 of available weekly income above the threshold level.

Buffer/ Charging Threshold - Currently, the level at which individuals begin to pay for non residential services varies widely from authority to authority.

COSLA have recommended that all local authorities should adopt a common threshold at which care charges be applied.

The use of a common threshold provides all local authorities with discretion to set their own level of charge based on the clients disposable income above the income threshold level.

The charge threshold for a single person aged 60 years or over is determined by the Pension Credit Standard Minimum Guarantee (as per DWP guidelines)

For the year 2016/17, this has been set at £155.60. When a buffer of 25% is factored in, the income threshold is set at £195 per week

The 25% added on to the Pension Credit Standard Minimum Guarantee is included to ensure that there is a cushion between the rate of Income Support/Pension Credit and the income level at which charges will apply.

The threshold is revised on an annual basis by adopting the above calculation, i.e. Personal Allowance, Standard Minimum Guarantee plus 25% add on.

Charge with 0.85 Taper (16% Buffer) – This is the persons charge based on charging 0.85p in the £1 inclusive of the Buffer.

Charge with 0.50 Taper (25% Buffer) - This is the persons charge based on charging 0.50p in the £1 inclusive of the Buffer.

Charging Threshold - A charging threshold is the set level of personal income below which a person can receive community care service(s) without needing to pay a contribution or charge toward the cost of the service(s) they receive.

Clients Income – This is all available Income that the person is in receipt of.

Client Saving per week - Difference between Charges at 0.85 taper (16% Buffer) & 0.50 taper (25% Buffer)

Client Saving Per Year – This is the persons Saving Per week multiplied by 52.14.

DLA Care Component / DLA Mobility Component - If you are under 65 and have care needs due to an illness or disability (physical or mental) you may be able to claim Disability Living Allowance. Disability Living Allowance is made up of a care component (for help with personal care) and a mobility component (for help with getting around). Both the care component and the mobility component are paid at different rates depending on the level of support you need.

Disregard – Certain elements of a client's income, savings, or property which are not included in the financial assessment process re calculating their charge.

Disregard Threshold – The charge threshold for a single person aged 60 years or over is determined by the Pension Credit Standard Minimum Guarantee (as per DWP guidelines). For the year 2015/16, this has been set at £151.20. When a buffer of 16% is factored in, the income threshold is set at £177 per week. Capital Limit of the disregard From April 2016 the lower capital limit for community care is £10,000. The upper capital limit for community care is £26250.

Guarantee Credit - forms part of Pension Credit, which is an income-related benefit that comes in two parts and you may be eligible for one or both: Guarantee Credit tops up your weekly income to a guaranteed minimum level.

Income Support - Income Support is a benefit paid to certain groups of people who do not have enough money to live on. It is means-tested, which means that any money you have is taken into account in deciding how much Income Support you should get. You will not get it just because you are on a low income – your weekly income must be below a certain level, and you must be one of a group of people who can get benefit without having to look for work.

Overall Chargeable Service Provided – This is the full cost of services that are provided which can be defined as chargeable task using Renfrewshire Council Charging Policy

Savings Credit - forms part of Pension Credit, which is an income-related benefit that comes in two parts and you may be eligible for one or both: Savings Credit is extra money if you've got some savings or your income is higher than the basic State Pension.

Severe Disablement Allowance - It is a non-means tested weekly cash Benefit for people aged between 16 - 65 who have been unable to work due to illness or disability for over 28 weeks and who have not paid the required national insurance contributions to qualify for Incapacity Benefit.

Superannuation /Occupational pension scheme - This is a scheme organised by an employer to provide pension benefits for their employees. It is sometimes called a company pension scheme. Superannuation is a word which some schemes, particularly those in the public service, use to describe a member's contributions.

Retirement/Personal pension - This is someone's personal pension arrangement. It can also mean a retirement annuity set up before July 1988.

Taper - For service users with income above the threshold income a percentage of that excess is considered for charging purposes. This is called a taper and it means that there is a further amount of income ignored when considering ability to pay. This method of charging complies with CoSLA guidance but the level of taper is a local decision.

Total Client Available Income which charges can be applied - This is calculated from Total Income Less Disregards minus Buffer.

Total Disregards – This is the total amount of Disregards.

Total Income Less Disregards – This is the total Income for the client with the Disregards subtracted.

Appendix 3

Rates		2015-2016	2016-2017
CARE AT HOME RATES		Weekly (unless advised)	Weekly (unless advised)
Taper Charge	applicable per pound above charging thresholds	£0.85	£0.50
Charging Threshold Single Person	Over 60 years Old	£177.00	£195.00
	Under 60 Years Old	£123.00	£132.00
Charging Threshold Couple	Over 60 years Old	£269.00	£297.00
	Under 60 Years Old	£188.00	£201.00
Renfrewshire Council Home Care Hourly Rate	per hour	£14.24	£14.60
Maximum Charge For Self Funders		Full cost of the service	service
Capital Limits	Lower Threshold	£10,000.00	£10,000.00
	Upper Threshold	£26,250.00	£26,250.00
OLDER PEOPLE DAY CENTRES	Attendance charge (per day)	£1.70	£1.74
DAY CENTRE MEALS	Two course meal (per meal)	£2.50	£2.56
LUNCH CLUBS	3 course meal (per meal)	£2.66	£2.73
	2 course meal (per meal)	£2.50	£2.56
	Main course (per meal)	£2.23	£2.29
	Soup or sweet (per meal)	£1.10	£1.13
	2 course snack	£2.50	£2.56
	Main meal	£2.50	£2.56
EXTRA CARE HOME MEALS	Extra care meals (per week)	£35.00	£35.88

LONG TERM CARE RATES		2015-2016 Rate	2016-2017 Rate
Free Personal & Nursing Care Long Term Care FPC&NC	Nursing Care Element	£78.00	£78.00
	Personal Care Element	£171.00	£171.00
Personal Expenses Allowance	Single Person	£25.05	£25.80
Minimum Income Guarantee Single	18-24	£90.15	£90.15
	25-59	£105.35	£105.35
	60+	£151.20	£155.60
Savings Credit Disregard (maximum amount)	Single Person	£6.00	£6.15
Savings Credit Disregard (maximum amount)	Couple	£9.00	£9.25
Above (Single)	Single Person	£188.25	£188.28
Maximum Savings Credit Amounts	Single Person	£14.82	£13.07
	Couple	£17.43	£14.75
Capital/Savings Limits	Lower Threshold	£16,250.00	£16,250.00
	Upper Threshold	£26,250.00	£26,250.00
Respite Rates	18-24	£65.10	£64.35
	25-59	£80.30	£79.55
	60+	£126.15	£129.80
Residential Placement LA		£611.00	£626.28
Dementia Placement LA		£772.00	£791.30
Residential Single Room (Independent)	LA Approved Rate	£524.67	£537.79
Residential Shared Room (Independent)	LA Approved Rate	£499.67	£512.79
Nursing Single Room (Independent)	LA Approved Rate	£609.31	£624.54
Nursing Shared Room (Independent)	LA Approved Rate	£584.31	£599.54

FINANCIAL PLAN 2016/2017 UPLIFTS TO PARTNERSHIPS

1 Summary

This paper provides details of uplifts for pays, non-pays and prescribing growth in 2016/17. This is provided to assist with the process of updating budgets for 2016/17. The values are provisional, subject to Board approval of the financial plan on 28 June 2016.

2 Salaries Inflation

(1) Agenda for Change

A provision has been made for an increase of 1.0%. In addition, a provision has been made for a flat rate increase of £400 for staff earning less than £22,000.

(2) Medical & Dental

A provision has been made for a general increase of 1.0%.

(3) Other Staff Groups

A provision has been made for a general increase of 1.0%.

(4) Employers' National Insurance

A provision has been made for the abolition of the contracted out rebate of 3.4% in employers' national insurance contributions in respect of staff who are members of the superannuation scheme.

For paragraphs (1) to (4), this gives a composite uplift of 2.98% with the following recurring uplift:

Salaries Inflation	<u>£9,583,168</u>
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(5) Incremental Pay Progression – AfC

The experience of monitoring Agenda for Change (AfC) related pay trends has helped the Board develop a detailed understanding of the effect of incremental pay progression. This has enabled us to carry out a detailed forecast of pay growth for 2016/17, using current staff turnover ratios by staff category. The pay modelling has indicated incremental pay progression will not be a cost pressure in 2016/17, so no provision has been made for additional costs.

(6) Incremental Pay Progression – Consultants

The pay modelling has indicated incremental pay progression will not be a cost pressure in 2016/17, so no provision has been made for additional costs

(7) Auto-enrolment to Superannuation

A provision has been made for the estimated cost of additional staff remaining within the Superannuation scheme following automatic re-enrolment on 1 April 2016. At

this stage the provision will be retained centrally until there is more information on the actual cost.

(8) Discretionary Points

A provision has been made for the on-going impact of funding additional discretionary points. This gives the following recurring uplift:

Discretionary Points	<u>£100,000</u>
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3 Supplies Inflation

(1) PPP and similar costs

Provision has been made for the following recurring uplift:

PPP Inflation	<u>£209,813</u>
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(2) General non pay uplifts – a provision of 1.0% has been made for other supplies, excluding drugs which will be separately funded. This gives the following recurring uplift:

Supplies Inflation	<u>£603,142</u>
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4 Capital Charges

It is not possible to establish allocations for capital charges costs at this stage until the effects of the revaluation are assessed and capital charge forecasts are finalised. When this is complete the funding allocations for 2016/17 will be confirmed. Capital charges budgets will transfer from Partnerships during 2016/17.

5 Prescribing Growth – Primary Care

The prescribing cost growth projection for 2016/17 is based on information from the Board's Prescribing Advisers. It includes provision for likely growth in volume / prices, based on current trends, related to drug treatments prescribed within Primary Care.

The recurring uplift for 2016/17 is:

Partnerships	
Increase in Volume	£12,200,000
New Drugs	£8,500,000
Targeted Cost Savings	<u>(£5,000,000)</u>
Prescribing Growth	<u>£15,700,000</u>

6 Resource Transfer

A provision of 1.7% has been made for uplifts to resource transfers. This gives the following recurring uplift:

Resource Transfer	<u>£2,207,688</u>
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7 Cost Savings

Local Cost Savings plans for 2016/17 have not yet been developed and quantified. An interim recurring amount has been agreed for 2016/17:

Cost Savings	<u>(£10,400,000)</u>
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Further recurring savings will be required during 2016/17. These additional savings will be subject to further discussion.

It has been recognised that Partnerships may not be able to release the full £10,400k in 2016/17. Possible non-recurring relief to offset the full year effect will be subject to further discussion, so no funding will be released at this stage.

8 Service Commitments

Provision has been made to fund service commitments arising from specific funding allocations. This gives the following recurring uplifts:

Integrated Care Fund	<u>£59,354,000</u>
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Funding for other service commitments will be dealt with separately.



Guidance to support delivery of the Living Wage Commitment to Care at Home and Housing Support

1. Introduction

This guidance is a tripartite document informed and agreed by Scottish Government, COSLA, and CCPS and Scottish Care on behalf of providers. Its purpose is to support local authorities and providers in their local decision making to help implement the Living Wage commitment as part of a positive approach to fair work practices. The Living Wage commitment was agreed between Scottish Government and Local Government as part of the Local Government Settlement. Moving forward, a tripartite approach is being taken to delivery with the full involvement of providers.

The guidance deals with the particular issue of implementing the commitment to pay all care workers in adult social care regardless of age, £8.25 per hour from October 1st 2016. The guidance does not direct a particular route or mechanism for delivery but rather supports a consistent understanding of the risks that need to be balanced in taking local decisions when implementing the commitment and a description of some of the options which could be used to support the delivery of the commitment.

It is at the same time important to keep in mind when considering options for implementation that the purpose behind this commitment is to value and improve the quality of care. It is an opportunity to invest in social care as a career of choice by addressing one aspect of the recruitment and retention challenge in the sector. However it would be counter to the aim and intention of the investment if this were achieved for example at the expense of fair work practices more generally, including training, development, and broader terms and conditions etc. which influence and underpin social care as a quality career option.

These discussions are an opportunity to ensure that a focus on the quality of care and support and the drive towards continuously improving outcomes for people continues to be at the heart of this agenda. This process may also represent an opportunity in the longer term for Integrated Joint Boards and local authorities in collaboration with partners, to review models of care and revise commissioning, procurement and contract monitoring policies and processes which can support and drive improved and innovative services.

It should be noted that every local authority will need to take a range of local advice in deciding a way forward including legal, financial and professional advice in addition to this guidance. This reflects the fact that the risks present in each local authority will differ due to local circumstance and local employment and market dynamics.

2. Background

The Living Wage commitment made by Scottish Government and Local Government as part of the 16/17 settlement is to ensure that the Living Wage of £8.25 per hour from October 1st 2016 is paid to care workers providing direct care and support to adults in care homes, care at home, and housing support (as per the Scottish Social Service Sector report on Workforce Data). This covers all purchased services, including specialist support services such as those for people with physical disabilities, learning disabilities, mental health difficulties and substance misuse issues. The new rate applies for all hours worked and therefore encompasses sleepovers, travel time and holiday pay and should be achieved as part of a positive approach to fair work practices.

Personal assistants employed via Self-Directed Support (Option 1 – Direct Payment) were not explicitly included in the commitment to deliver the Living Wage of £8.25 per hour for adult social care workers. However, Local Authorities may be at risk of challenge with regards to principles of equal treatment and discrimination if allowances aren't sufficient to pay a personal assistant the Living Wage of £8.25. The Scottish Government will make arrangements to ensure that people supported under the Independent Living Fund are also enabled in this way. We will work with Self-directed Support Scotland, Centres for Inclusive Living and Personal Assistant Employers Network to encourage the payment of Living Wage to all personal assistants. Local authorities will not be accountable for ensuring Living Wage is paid to personal assistants directly employed by an individual.

The Scottish Government and Local Government have provided resources to contribute to this commitment for 2016/17 within the £250m Health and Social Care monies. However, it will be important to bear in mind that as well as the increase to basic pay, employers will incur additional costs including National Insurance contributions, employer pension contributions and adjustment of pay differentials with the organisation. This will affect the total cost of the commitment. Costs are also likely to vary locally depending on local markets including employment, provider business models and on the implementation method adopted.

The agreement to pay £8.25 per hour to adult social care workers from 1st October 2016 is part of an overall Local Government settlement. Within the terms of the 2016/17 settlement, councils are required by the Scottish Government to deliver on a package of commitments. If a council does not deliver on these commitments, including the Living Wage commitment, then the Scottish Government has stated that it reserves its position to take action to remove access to, or recover, the specific funding identified in the settlement letter. This settlement agreement between Scottish Government and Local Government was predicated on providers making a contribution to the overall cost of the Living Wage commitment. Providers were not party to this formal agreement.

The scale and timeframe for implementing the Living Wage means that a collaborative approach between commissioners and providers will be critical. Local authorities will need to engage care providers in negotiations to reach a voluntary agreement and this will be facilitated by a funding process that is fair, transparent and collaborative, and achieves 'buy-in' from providers. This approach in itself should reduce the risk of challenge and increase the likelihood of compliance and a successful voluntary agreement.

It is also important to keep in mind that this commitment is not, as of yet, a commitment to the Living Wage as an ongoing benchmark for wages, but to the delivery of £8.25 per hour from October 1st 2016. Any further commitments would be subject to spending review negotiations for 2017/18 and beyond. However, in implementing this year's commitment local authorities may wish to be cognisant of the potential for further commitments to the Living Wage as these may be driven by local decisions and prioritisation as well as national ones.

3. Implementation

We acknowledge that implementing this commitment will present a number of challenges - some to do with matters of legality around procurement and state aid and others relating to adhering to social care policy legislation and principles. However, these need not be prohibitive and there are a number of options which should be considered so as to minimise any risks which may be present. Some of these are described below although this cannot be taken as universal legal advice and the application of this guidance will need to be judged on a case by case basis by each local authority according to their specific local circumstance. **There is no single answer which will work for all care arrangements and local authorities are best placed to undertake a risk assessment to help them identify the best local solution.**

In this guide we seek to highlight some of the areas of particular vulnerability. The risks associated with procurement and state aid are of particular importance but so too are wider social care policy and principles.

Partners should therefore ensure that their selected mechanism:

- Supports the intention of improving the quality of care by investing in the workforce;
- Supports the recruitment and retention of the right people to support and promote stability and continuity of care and support for the user;
- Prioritises choice and control for people supported by care services;

In addition, the delivery mechanism should take into account the key considerations that a contracting authority should have before and when procuring care and support services, including the key principles of fairness; transparency; and collaboration with partners, those with an interest and those affected. Further details are provided in supporting guidance. It is worth noting that having considered and evaluated these risks transparently before making a decision about which mechanism to choose is in itself a protective measure which, done in collaboration between authorities and providers, is likely to limit the potential for challenge and the risk of a successful challenge to the decisions taken.

While cost is not the only, nor necessarily the dominant factor in commissioning services, affordability will be a key question to address when considering the delivery mechanisms for implementation. It is suggested that if they have not already done so, local authorities formally establish the breadth of the current wage rates paid to care workers by providers in their local area as well as any other costs associated with a minimum wage rate of £8.25. Understanding the full cost of this commitment as thoroughly as possible will help with the immediate implementation and the costing of any future commitments.

4. Procurement and fair work, including the Living Wage

The Scottish Government has obtained clarification from the European Commission on the application of the Living Wage in procurement processes. This confirms that contracting authorities are unable to make the payment of any specified wage rate above the legal minimums enshrined in law a mandatory requirement as part of a competitive procurement process. In the UK, this is the National Minimum Wage and National Living Wage, dependant on age. It is, therefore, not possible to reserve any element of the overall tender score specifically to the payment of the Living Wage.

However, where relevant to the delivery of the contract, it is possible for a contracting authority to take account of a bidders approach to fair work practices which includes, for example, the payment of £8.25 per hour, and to evaluate this as part of the procurement process. Fair work practices will be particularly relevant to consider where the quality of the service being delivered is directly affected by the quality of the workforce engaged in the contract. The Scottish Government has issued statutory guidance on this issue.¹

Evaluation criteria in a tender process must be relevant and proportionate to the subject matter of the contract being let and it is for contracting authorities to determine the balance that meets their requirements for the service. In a sector such as care services, where quality and continuity of service and low staff turnover are likely to be closely related to fair work practices such as recruitment, remuneration and other terms of engagement, the weighting being given to fair work practices will be particularly significant in contributing to the desired outcome for quality of service. A contracting authority therefore does have a significant discretion to set evaluation criteria in a way that recognises the impact of fair work practices on the quality of the services, and therefore a higher percentage weighting for fair work practices, including the payment of £8.25 per hour, is likely to be justified. Where a contract is let in compliance with the relevant legislation, there is limited scope for a tenderer to challenge the weighting which is assigned to evaluation criteria.

When evaluating fair work practices as part of a procurement exercise contracting authorities must consider a bidder's overall approach to fair work and all bids must be treated equally. This should include consideration of all relevant evidence, including (but not limited to) recruitment, remuneration, terms of engagement, skills utilisation and job support and worker representation. A bidder's approach to fair work practices may vary depending on the bidder's size and the scope of the contract and the contracting authority must take a measured and balanced approach based on this.

The statutory guidance states that any decision to include a question on fair work practices should be made on a case by case basis taking into account commitments set out in the contracting authority's procurement strategy. The question should be framed in a way that is consistent with the principles deriving from the Treaty on the Functioning of the European Union: transparency, equality of treatment and non-discrimination.

¹ <http://www.gov.scot/Resource/0048/00486741.pdf>

A commitment to pay £8.25 per hour to adult social care workers would be a strong indication of a positive approach to fair work practices. Payment of the Living Wage is not the only indicator of fair work, however, and it should be emphasised that whilst failure to pay the Living Wage would be a strong negative indicator it does not mean that the employer's approach automatically fails to meet fair work standards. The question should ask bidders to describe the package of measures which demonstrates their positive approach to fair work practices in delivering the public contract. This context further demonstrates the need to progress this commitment as far as possible in collaboration and through the voluntary agreement of providers.

5. State Aid

Entering into a contract following an open and transparent procurement procedure which complies with the relevant legislation would be unlikely to raise any state aid risks. Similarly, varying a contract in a way that is compatible with procurement legislation should not constitute an award of unlawful state aid. Where there are doubts as to the state aid position, additional support to undertakings should be given in a manner that is compliant with state aid requirements.

The state aid position will always depend on the particular factual (local) matrix at hand and there will inevitably be cases where the state aid position is not clear. Where there is a risk that a measure constitutes state aid, appropriate mitigation measures should be taken. This may include awarding uplifts under the general de minimis regulation².

Local authorities will inevitably need to form their own view on the state aid compatibility of any particular locally applied measure.

6. Best Value and Procurement

Generally Scottish Government policy requires that contracts are awarded through a genuine and effective competition which also enables local authorities to evidence best value. However, in relation to contracts for health or social services, the Procurement Reform (Scotland) Act 2014 (Section 12) makes provision for authorities to award contracts without competition where their value is lower than the EU threshold of €750,000 (the relevant guidance provides further detail). Those contracts or framework agreements with a value greater than, or equal to €750,000 can all apply 'light-touch' provisions (described in regulations 74-76 of The Public Contracts (Scotland) Regulations 2015).

Below the EU-regulated procurement threshold the European Commission has confirmed that these services will 'typically not be of interest to providers from other Member States, unless there are concrete indications to the contrary, such as Union financing for cross-border projects'³. However, it is for a contracting authority to assess whether there is cross-border interest. As such a public body should decide on a case-by-case basis whether or not to seek offers in relation to proposed contracts or framework agreements with a value of £50,000 or more, but less than €750,000. It is important to highlight that the Treaty on the Functioning of the

² Commission Regulation 1407/2013, OJ L352/1, 24.12.2013

³ [EU Directive 2014/24/EU, Recital, 114](#)

European Union fundamental principles should always be considered where relevant.

Public bodies should secure best value by balancing quality and cost and having regard to efficiency, effectiveness, economy, equal opportunities and sustainable development. Public bodies should determine the appropriate quality/cost ratio. When procuring care and support services, greater emphasis should be placed on quality rather than cost as far as practicable.

7. Monitoring

Scottish Government will be assured of the use of the allocated contribution via the Integration section 95 officer sign-off process. Local Government will be responsible for ensuring that this commitment is delivered through local contracts and agreements. The settlement agreement between Scottish Government and Local Government was predicated on providers making a contribution to the overall cost of the commitment.

Given that a council cannot direct or stipulate that the Living Wage of £8.25 per hour is paid as part of a procurement process, any agreement to do so would need to be voluntary and agreed in partnership with providers. Where, following a compliant procurement process, a provider emerges as the preferred bidder, they cannot be disqualified on the basis that they do not commit to the Living Wage. However, the main scope for mitigating this risk lies in the contracting authority's ability to take account of a bidder's approach to fair work practices as part of the evaluation criteria as detailed above and working collaboratively and in partnership with providers to seek a voluntary agreement.

Once agreed, the monitoring of that commitment can be a condition of contract and be a part of the contract management process. Effective contract management and monitoring should also ensure that wider fair work practices, as agreed within the contract, continue to be applied throughout the duration of the contract, e.g. by requesting information on the pay, terms and conditions of workers involved in the delivery of the contract. In the longer term, this should also help to monitor the outcomes and impact of increased wages on the quality of services which people receive.

8. Delivery mechanisms - Identifying and assessing risk

The mechanism used to deliver the Living Wage commitment is a matter for local authorities to decide and will depend upon a local assessment of the risks presented by each of the options.

No option is entirely risk free. How the procurement rules apply; what local financial regulation and local standing orders say; and the benefits and risks to service users of each approach will need to be individually assessed according to local circumstance. All these options are equally applicable to self-directed support, including Direct Payments.

The key risks that will need to be considered and weighted against the overall objective include:

1. Social care outcomes
2. Impact on the quality of care
3. Proportionality of the mechanism
4. The impact on local trade and the local market
5. Compliance with state aid and procurement rules
6. Best value
7. Impact on market continuity

(a) Modification / contract variation

There are a number of relevant factors to take into account when determining whether modification of a particular contract is permissible and authorities should take advice in relation to specific contract variations.

Local authorities will need to consider the particular context for each proposed variation and look to provisions of regulation 72 of the Public Contracts (Scotland) Regulations 2015, which provide further detail of the circumstances in which a contract can be varied. The provisions of regulation 72 only apply in a strict sense to contracts valued at €750,000 or above. Contracts below this value are less likely to be of interest to operators in the rest of the EU and contracting authorities are not bound by the restrictions in these cases where there is no evidence of cross border interest⁴.

However, when calculating whether the 10% threshold referred to in regulation 72(5) of the Public Contracts (Scotland) Regulations 2015 has been exceeded, the element which is taken into consideration is that which relates to the monies paid by the contracting authority: any contribution by the provider does not form part of the contract sum. In this context we also draw authorities' attention to regulation 72(1)(5)(a) which requires that any modifications under regulation 72(1)(5) are also below the regulation 5 threshold.

Varying a contract in a way that is compatible with the relevant legislation should not constitute an award of unlawful state aid. Where there are doubts as to the state aid position, additional support to undertakings should be given in a manner that is compliant with state aid requirements.

There are a number of ways that a council can vary the contract in order to pay the Living Wage of £8.25 per hour. These are detailed below, and it may be necessary to adopt a range of approaches or take a staged approach and implement the commitment using one mechanism while considering another mechanism for a longer term approach if required.

⁴ Scottish Government has recently published Guidance on the Procurement of Care and Support Services 2016 (Best-Practice). Public bodies should take account of this guidance which provides further advice on the amending of care contracts below the value of €750,000, in particular see Sections 8.12, S9.9, S9.18, S9.20, S9.26 and S9.63

The main risks of these example approaches are highlighted but should be considered within the wider context of a complete risk assessment and in particular in the context of social care outcomes.

- **Apply a percentage increase across the board: uplift all contract values/hourly rates by uniform amount on condition that providers volunteer to pay £8.25 to care workers.** This approach would be relatively easy to administer and would remove any competitive disadvantage between providers who may or may not already have invested in workforce wages. However Local Authorities will need to satisfy themselves as to the overall affordability of this option (depending on local circumstance and against their allocated resource) and be content that there would not be others interested in the terms of this contract, if this had been the basis of the original tendering process.
- **Apply a differing percentage increase per provider, through individual negotiation based on their particular costs.** This may be a more bureaucratic process dependent upon how many contracts and providers there are in each council. There may also be issues around the overall transparency of the process which, as noted, will be important for provider 'buy-in' to this initiative. It would however target the resources available to the purpose of addressing low pay and delivering the Living Wage commitment. If this approach were pursued then Local Authorities would need to be clear that in order to comply with state aid, providers could not be treated inequitably.
- **Set a standard rate for each local authority within which the £8.25 per hour wage for care workers is affordable.** To deliver this approach the rate would have to be set at a level adequate to cover all costs, not just the Living Wage commitment. The desirability and affordability of this approach would need to be assessed on a case by case basis. More generally this option can be insensitive to the fact that costs may legitimately vary depending on level of need, service model, skill mix of staff, quality of service and would also be insensitive to other justified variation of cost within local authorities where rurality and employment market dynamics impact on viable business models. This option may also include state aid and procurement issues around the equitable treatment of providers which would need to be assessed locally.
- **Set a suite of rates.** This option, whilst addressing the issue raised (above) regarding legitimate variation in service costs, goes beyond the requirement to implement the Living Wage commitment. The desirability and affordability of this approach would need to be assessed locally and in line with longer term commissioning agendas. Negotiating and implementing such an approach across Local Authorities, particularly if supported by service specifications, could be lengthy and so consideration on whether this is deliverable by October the 1st would also be required.

(b) Undertake a new procurement of services in line with new statutory and best practice guidance on social care and ‘Fair Work Practices’

Generally, entering into a contract following an open and transparent procurement procedure which complies with the relevant legislation would be unlikely to raise any state aid risks. Retendering may therefore be an option for some Local Authorities – particularly for those who were otherwise expecting to need to tender for adult social care services regardless of this commitment and depending on the assessed risk of a challenge to the other models of contract variation. However this mechanism has to be balanced against the time, expense and potential disruption (to providers and clients) that a retendering process could bring. Additionally, bearing in mind that the overarching intention of this initiative is to invest in and value the workforce, the potential impact of retendering on that workforce will need to be carefully considered before proceeding.

9. Definitions

The National Minimum Wage: is a legal minimum wage for 21-24 year olds. This means that all employers must pay all of their staff that are between 21 and 24 a minimum of £6.70 per hour.

The National Living Wage: is an enhanced legal minimum wage for over 25's. This means that all employers must pay all of their staff that are over 25 a minimum of £7.20 per hour.

Age group	Nationally defined legal minimum wages
25 and over	£7.20
21 - 24	£6.70
18 - 20	£5.30
16 – 17	£3.87
Apprentices	£3.30

The Living Wage: set by the Living Wage Foundation is currently £8.25 per hour. This is up-rated annually and a new rate will be announced in November.

The Living Wage commitment: agreed as part of the 2016/17 Local Government settlement is to pay all adult social care workers the current Living Wage rate of £8.25 per hour from October 1st 2016. There is no requirement on local authorities as part of this agreement to increase wages to the new Living Wage rate when it is announced in November.

Adult social care workers: This commitment specifically applies to care workers providing direct care and support to adults in care homes, care at home and housing support settings (as per the Scottish Social Service Sector report on Workforce Data). This covers all purchased services, including specialist support services such as those for people with physical disabilities, learning disabilities, mental health difficulties and substance misuse issues.