



25 March 2022

## NATIONAL CARE HOME CONTRACT 2022/23

I am pleased to advise that the National Care Home Rate for 2022/23 has been agreed and I am writing to confirm the terms of this year's settlement, which takes effect from 6<sup>th</sup> April 2022.

### Financial Settlement

The Nursing and Residential Care Home 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 2022/23, effective from 6<sup>th</sup> April (commencement of the tax year for pension uprating), are as undernoted:

- **Nursing Care Rate per person per week** - **£832.10**
- **Residential Care Rate per person per week** - **£719.50**

The settlement is the most significant in recent years, reflecting the challenging environment faced by the sector and the desire for all stakeholders to work in partnership. This settlement recognises the Scottish Government's policy of increasing the earnings of direct care staff within adult social care with an increase to staff salaries of 4.8%. This results in an increase in pay for direct care staff to £10.50 per hour in line with policy commitments

All other staff roles (excluding the manager, management support and nurses) are also subject to a 4.8% increase 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 home.

An increase to nursing salaries of 3% has been included with a commitment to vary this rate to align with the final agreed Agenda for Change pay increase.



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The agreement this year includes a commitment from all parties to work in partnership to redesign the NCHC with this work expected to commence in April.

In the meantime, continuity of payments and supporting providers to meet increased costs remains the priority and it is important that financial systems are updated as soon as possible and that payments are effective from 6 April 2022.

### **Non-Staff Costs**

The settlement recognises the financial pressures within the older person's care home sector and reflects a number of exceptional changes in the cost calculations in the non-staffing areas of the cost model.

Efficiencies will no longer be applied to staffing costs. The model for 2022/23 will include efficiencies against non-staffing costs only at a rate of -2.5%.

Furthermore, insurance and energy cost lines will be subject to a temporary, exceptional increase of 30% in recognition of the increased pressure on care homes in both these areas.

Domestic Supplies costs will increase by 10%. This is a further exceptional increase for 2022/23 in recognition of cost pressures faced.

Other non-staffing cost elements are also subject to an inflationary increase of 2.81%

### **Further Commitments**

This settlement recognises that the Scottish Government has confirmed the continuance of funding for additional covid costs for the care home sector until 30<sup>th</sup> June 2022 and therefore, covid specific cost pressures are not reflected in the model.

The settlement includes a commitment from local government representatives to work in partnership to agree a mutually acceptable mechanism to address any continuing Covid-19 pandemic cost pressures currently covered by the aforementioned funding should it cease during the financial year 2022/23.

The settlement recognises that all parties to the negotiations support the need for a redesign of the current NCHC and are seeking to engage in this important work with some urgency. The offer included a commitment to begin this work with them and other key stakeholders as soon as possible.

### **Adult Social Care Pay**

The settlement requires all providers delivering publicly funded care to pay all workers providing direct care, regardless of age, experience or time in employment, a minimum of £10.50 per hour from 6<sup>th</sup> April 2022 in line with the commitment to the Adult Social Care Pay policy.

On this basis, the National Care Home Contract will be varied to ensure:

- Any provider delivering publicly funded care must pay all care workers a minimum of £10.50.
- 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 (excluding the manager, management support and nurses) are also subject to a 4.8% increase 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 home. 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, Capital Thresholds, Savings Disregard and Free Personal and Nursing Care Rates**

The Uprating for 2022/23 rates are outlined below;

- The Personal Expenses Allowance is set at £31.00 per week.
- The Lower Capital Limit is set at £18,500 and the upper Capital Limit £29,750
- The Savings Disregard is (for a single person) from £7.30 and (for couples) from £10.85 per week.
- For care home care the Free Personal Care payment is £212.85 and Free Nursing Care rate is £95.80.

Please note that the Free Personal and Nursing Care Rates upratings are effective from 1<sup>st</sup> April and have been uplifted by 10% for 2022/23 in recognition of the increasing cost of providing care, particularly for people with dementia. The PEA, Capital Threshold and Savings Disregard are effective from 11<sup>th</sup> April.

### **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.

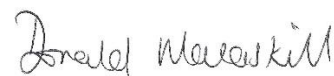
### **Contract Management**

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



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