NHS Highland



Meeting:	Health and Social Care Committee
Meeting date:	7 May 2025
Title:	Fees and Charges Report
Responsible Executive/Non-Executive:	Pamela Stott, Chief Officer
Report Author:	Colin Stewart, Acting Commissioning,
	Contracts and Compliance Manager on
	behalf of the Chair of the Adult Social
	Care Fees Commissioning, Briefing and
	Instruction Group.

Report Recommendation: The Health and Social Care Committee is asked to **note** the content of this report.

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	Х	Anchor Well	
Grow Well		Listen Well	Nurture Well		Plan Well	Х
Care Well	Х	Live Well	Respond Well	Х	Treat Well	
Journey Well		Age Well	End Well	Х	Value Well	Х
Perform well		Progress well	All Well Themes			

2 Report summary

2.1 Situation

NHS Highland (NHSH) relies heavily on the capacity, availability and quality of independent sector care home provision as part of the wider health and social care system.

As in previous years, there have been continued concerns regarding independent sector viability over the last 12 months, mainly around the ongoing operational and financial sector pressures relating to small scale, remote and rural provision and the challenges associated with attracting and retaining staff, and the financial impact of agency use

The Scottish Government has provided funding to deliver a £12.60 minimum wage for all adult social care staff providing direct care in commissioned services from April 2025.

Delivering a £12.60 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 04 December 2024 by the First Minister as part of the Scottish Budget for 2025/26. COSLA Leaders agreed the initial details of this uplift on 28 February 2025.

The details of the uplift for adult social care workers to a minimum of £12.60 per hour were confirmed in a letter from Donna Bell, Director of Social Care and National Care Service Development, Scottish Government on 11 March 2025. A copy of this letter is attached as **Appendix 1**.

The funding to enable payment of the £12.60 per hour was detailed in a letter from Alan Gray, Director of Health and Social Care Finance, Scottish Government on 19 March 2025. A copy of this letter is attached as **Appendix 2.**

2.3 Assessment

NHS Highland currently commissions approximately £141m of adult social care registered services. This also includes SDS option 1.

To uplift within the scope of the Scottish Government expectations to a minimum of \pounds 12.60 per hour, at current level of commissioning is expected to cost around \pounds 7.59M.

As part of the implementation planning for the Scottish Government minimum payment of £12.60 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, the Scottish Government has set out their minimum expectations for registered residential and non residential services. These expectations do not apply to National Care Home Contract (NCHC) 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 £12.60 per hour pay rates.

Calculations of the impact of the minimum £12.60 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 £12.60 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.

2.4 Proposed level of Assurance

Substantial Limited Moderate None



Comment on the level of assurance

Х

The established process for considering and agreeing fees for 2025/2026 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.

Providers have flagged the impact of the changes to Employers National Insurance and also the increased minimum salary requirements that require to be met by any providers seeking to recruit overseas workers.

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 £12.60 per hour payment was provided by the Scottish Government. The Highland Council Executive Chief Officer Health and Social Care & Chief Social Work Officer confirmed on 25 March 2025, as per Council budget report the share of the £125m for Highland is £5.625m. Separately there is a national £10m uplift in Free Personal and Nursing Care of which Highland share is £0.438m. Both funding combined built into The Highland Council budget and for pass through to NHS Highland Adult Social Care, a. total of £6.063m.

Any additional financial gap between the £6.063M and the cost to uplift within the scope of the Scottish Government expectations to a minimum of £12.60 per hour, has been included within the estimated £26M funding gap.

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 £12.60 per hour will be made. This will be followed up as part of the monitoring of the provider during 2025/2026.

3.5 Data Protection

None.

3.6 Equality and Diversity, including health inequalities None.

- 3.7 Other impacts None.
- **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 2025/2026.

- Adult Social Care Fees Commissioning, Briefing and Instruction Group 14 March 2025
- Chief Officer and Director of Finance Recommendations Meeting 17 March 2025
- Joint Officer Group, 21 March 2025

4 List of appendices

The following appendices are included with this report:

• Appendix 1: Letter from Donna Bell, Director of Social Care and National Care Service Development, Scottish Government



• **Appendix 2:** Letter from Alan Gray, Director of Health and Social Care Finance, Scottish Government.



• Appendix 3: Letter from Scotland Excel, Scottish Care and COSLA.



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



E: donna.bell@gov.scot

Integration Authority Chief Officers To: 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: 11 March 2025

Adult Social Care Pay Uplift

Dear colleague,

Following agreement at COSLA Leaders on 28 February 2025, I am writing to confirm the initial details of the pay uplift for adult social care workers that was announced on 4 December 2024 by the First Minister as part of the Scottish Budget for 2025/26.

As you are aware, in the Scottish Budget for the 2025/26 fiscal year, it was announced that £125 million will be transferred to Local Government to support the delivery of a £12.60 minimum wage for all adult social care staff delivering direct care in commissioned services from April 2025. This funding will be paid to Local Authorities in the weekly General Revenue Grant payments from April 2025.

There has been political agreement that the uplift to $\pounds 12.60$ per hour will be delivered in the same manner as the uplift to $\pounds 12.00$ per hour for these workers, which was delivered in the 2024/25 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 £12.00 per hour to at least £12.60 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 2025.

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 2025. Best endeavours will be made to have all payments with providers by July 2025. However, this relies on the timely return of contract variation letters by providers and payments will not be released until providers return their signed contract variation letters.

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 £12.60 per hour will be distributed to providers in the same manner as the previous uplift to £12.00 per hour for the workers in scope.

This will mean a 5% 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 £12.00 per hour in direct care roles - that this uplift to \pounds 12.60 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 \pounds 12.60 uplift will be the same as those used for the uplift to \pounds 12.00. 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 3.59%
- Non-Residential Care 4.35%
- SDS Option 1 4.50%

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 £12.60 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 2025/26 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 on the rest of local contracts, or on Scotland Excel's Adult Social Care National Flexible Frameworks, to address other increasing and inflationary nonworkforce 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.

Children's Social Care

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

Next steps

I hope this provides clarity on the pay uplift for 2025/26.

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,

Juna Bell

Donna Bell Director of Social Care and National Care Service Development

Annex A

Workforce in scope (those eligible to be paid a minimum of £12.60)

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	Care at home is registered by the Care Inspectorate as a support service – "Support Service – Care at home."
	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.
Day care	Adult day care is registered as a support service – "Support service – Other than care at home."
	See definition above.
Housing support	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.
	This will include delegated and non-delegated services.
	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.

	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.
Adult placement services	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.
All SDS options (1, 2, 3 and 4)	All SDS options where workers provide direct Adult Social Care support, either in a social care provider organisation or someone paying a Personal Assistant.
Respite services	Registerable under a care home and housing support as per the definitions above.
Shared Lives	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.
	The services in scope are.Live-in supportDaytime support
	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.

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

via email 19th March 2025

Adult Social Care Pay Uplift in Commissioned Services

Dear colleagues,

Following agreement at COSLA Leaders on 28 February 2025, I am writing to confirm the distribution of the £125 million funding for the pay uplift for workers providing direct adult social care in commissioned services in the third and independent sectors that was announced on 4 December 2024 as part of the Scottish Budget for 2025-26.

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 £12.60 per hour for all adult social care staff delivering direct care in commissioned services in the third and independent sectors.

Annex A to this letter sets out the distribution of the funding that must be passed to Integration Authorities for delegated services to cover the period from April 2025 to March 2026. 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 2025 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 2024-25 recurring budgets for social care services.

Details regarding implementation of the uplift to a minimum of £12.60 per hour applicable from April 2025 are provided in a separate letter from Donna Bell dated 11 March 2025.

Yours sincerely,

Ala Gray

Director of Health and Social Care Finance

Integration Authority	Total funding (£)	% of Funding
Aberdeen City	4,647,000	3.72%
Aberdeenshire	5,406,000	4.32%
Angus	2,966,000	2.37%
Argyll & Bute	2,344,000	1.88%
Clacks and Stirling	3,218,000	2.57%
Dumfries & Galloway	4,140,000	3.31%
Dundee City	3,569,000	2.86%
East Ayrshire	2,952,000	2.36%
East Dunbartonshire	2,570,000	2.06%
East Lothian	2,543,000	2.03%
East Renfrewshire	2,157,000	1.73%
City of Edinburgh	10,417,000	8.33%
Falkirk	3,548,000	2.84%
Fife	8,813,000	7.05%
Glasgow City	13,280,000	10.62%
Highland	5,625,000	4.50%
Inverclyde	2,102,000	1.68%
Midlothian	1,978,000	1.58%
Moray	2,263,000	1.81%
Na h-Eileanan Siar	777,000	0.62%
North Ayrshire	3,507,000	2.81%
North Lanarkshire	7,502,000	6.00%
Orkney Islands	577,000	0.46%
Perth & Kinross	3,764,000	3.01%
Renfrewshire	4,287,000	3.43%
Scottish Borders	3,086,000	2.47%
Shetland Islands	517,000	0.41%
South Ayrshire	3,091,000	2.47%
South Lanarkshire	7,535,000	6.03%
West Dunbartonshire	2,150,000	1.72%
West Lothian	3,669,000	2.94%
Total	125,000,000	100%









Email: JJ.Turner@scotland-excel.org.uk Tel: 0141 488 8710 Our Ref: NCHC2025/26 Date: 7th April 2025

NATIONAL CARE HOME CONTRACT 2025/26

We are pleased to advise that the National Care Home Contract rate for 2025/26 has been agreed, and we are able to confirm the terms of this years settlement which takes effect from 7th April 2025.

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. It should be noted that Scottish Care does not accept this Cost Model as illustrative of the true cost of care.

The rates which will apply to payment for Nursing and Residential Care for 2025/26, effective from 7th April (commencement of the tax year for pension uprating) are as undernoted:

- Nursing Care Rare per person per week £1,013.05
- Residential Care Rate per person per week £881.98

The 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 £12.60 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 2025, this is £12.21 per hour.

The rate currently excludes an increase in pay for nurses and associated differentials within the nursing rate including management pay. The offer comes with a commitment to consider the approach to nurse pay once Agenda for Change (AfC) pay negotiations are concluded. The Care Home Cost Model has been adjusted to enable management pay elements within residential care rates to be increased in line with the Consumer Price Index (CPI).

Staffing costs have also been adjusted to reflect the costs associated with changes to employer's National Insurance contributions (eNIC). This unfunded commitment has been included to protect the integrity of the Care Home Cost Model. Should any further change to eNIC take place during the course of the year, placement fees will be adjusted accordingly.







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

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
 - The cost line for registration fees continues to be the exception to this and there has been no change to the Care Inspectorate s registration fee charges.
 - The apprenticeship levy/small care home supplement has been continued for 2025/26
- Efficiencies have been maintained at their current level of 2.5% of non-staff costs
- The eNIC cost element has been removed for the provider return calculations in recognition of the significant cost pressure the inclusion of eNICs creates within the settlement rate.

Further Commitments

The settlement recognises that the sector is seeking to discuss a number of issues faced by providers which have been highlighted by Scottish Care. There is therefore a commitment for local government representatives to explore these issues ahead of a joint meeting of providers and local government representative to discuss a mechanism through which each of these issues can be appropriately considered.

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 £12.60 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 £12.60.

• 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 directly linked to Adult Social Care Policy 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 Allowance (PEA), Capital Thresholds, Savings Disregard and Free Personal and Nursing Care Rates

The information below is drawn from the advance notice of uprating for 2025/26. It is not expected that there will be any deviation from the agreed rates outlined.

The uprating for 2025/26 rates is outlined below.

- The personal Expenses Allowance is set at £35.90 per week
- The Lower Capital Limit is set at £22,000 and the Upper Capital Limit £35,500
- The Savings Disregard is (for a single person) from £8.50 and (for couples) from £12.60 per week.
- For care home care, the Free Personal Care payment is £254.60 and Free Nursing Care rate is £114.55

Please note that the Free Personal and Nursing Care Rates upratings are effective from 1st April 2025. The PEA, Capital Threshold and Savings Disregards are effective from 7th April 2025.

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.

The attached MOV sets out the rates and clauses relating to the NCHC to apply the new rate structure. The MOV will have to be sent out to care home providers for signing in order for the new placement rates to be implemented. Scotland Excel, Scottish Care and COSLA will continue to work in partnership to promote the NCHC.

Yours sincerely

Julie Welsh

Jule Websh

Dorald Marerkill

Julie Welsh Chief Executive Scotland Excel Donald Macaskill Chief Executive Scottish Care

Mirren Kelly Chief Officer Local Government Finance COSLA c.c. Jane O'Donnell, Chief Executive, COSLA Jackie Irvine, President, Social Work Scotland Health and Social Care Partnership, Chief Officers Health and Social Care Partnership, Chief Finance Officers Chief Executive, NHS Highland