

AG/JHP/613

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Dear Jane

REGULATION OF CARE: PROPOSALS FOR MAXIMUM FEES 2005-06

Many thanks for the invitation to comment on this new consultation. Our comments fall into two camps: first, comments on the detail of the proposals, and second, comments on the principle of FCR that lies behind them.

1. The detail of the proposals

Moving to full cost recovery

We are pleased to note once again that the Executive has decided to delay the introduction of full cost recovery fees for services already registered. We do note, however, the document's statement that this extension will allow providers time to plan and make provision for the move (page 3, paragraph 8). We would want to repeat our earlier comment that resourcing, rather than time, is the key issue here; awareness of a policy and the financial capacity to comply with it are two very different things.

For example, we note that the fees for services previously registered are subject to very significant increases this year in order to meet the new timetable for FCR — care home continuation fees have risen from £125 per place to £165 per place, a rise of 32%. Day care service registration fees have nearly doubled. Yet we are still only moving towards FCR. The Executive will know that resourcing for services has not increased by anywhere near these proportions and that therefore money which ought to be going towards the upkeep and improvement of services will now have to be diverted towards the cost of regulation.

Inflation /cont.

Inflation

We note at paragraph 14 (page 4) that the fees proposed for 2005-06 for services new to regulation have been uprated by 2.5% in line with inflation. This category includes housing support services which, as the Executive is aware, are funded by Supporting People grant. The Executive will also be aware that Supporting People grant has received no uprate for inflation in 2005-06 (and indeed in many parts of Scotland has been significantly reduced). It seems quite extraordinary for the Executive to sanction an inflationary uplift in fees relating to a service funded entirely by a ring-fenced specific grant, when that grant itself has been frozen at the Executive's own behest. We would want to seek the Executive's urgent comments in relation to this matter.

£23M additional resourcing for the voluntary sector

We note at paragraph 23 (page 16) that the Executive has provided an additional £23M to local authorities in 2006-07 and 2007-08, relating to the additional costs borne by voluntary sector care providers. This is clearly a welcome step. However we would remind the Executive that this funding is not ring-fenced; that the letter in which it is announced (dated 14 December 2004) makes no mention of Care Commission fees as a component of the resource; and in any event, it is specific to community care (and not child care) providers. CCPS hopes to enter into discussions with the Executive, and with COSLA, in due course about how providers might secure access to this funding, but would want the Executive to note that it will be of no consequence in relation to the increases to fees in 2005-06.

Absorbing Care Commission fees

We have made this point before but we feel it is worth repeating. The policy on full cost recovery is based on the contention that it will ensure that there is transparency in the costs of delivering and regulating services (para 7, page 3). We wonder why, if service cost transparency is such an important principle, providers are expected to absorb (page 17, para 24) at least part of the increase in fees, given that these form part of the cost of a service. We would still be interested to have your comments on this.

2. The principle of a self-financing Care Commission

One of the oft-stated reasons why Care Commission fees are to be based on FCR is to provide the Care Commission with an incentive to keep costs down¹. Given that FCR posits that providers are to underwrite 100% of the Care Commission's operating costs, it follows that providers ought to be able to judge for themselves whether these costs are

¹ "If central government met the full cost of the Care Commission, there would be little incentive for the Commission to keep costs down or *ensure that its procedures were seen as value for money by providers*. (My emphasis) (Consultation document January 2002 and subsequent documents

reasonable, or to put it another way, to have a say as to whether the Care Commission is operating in a cost-effective manner.

At present however providers are in no position to judge the matter. First, the paper gives no detail of the Care Commission s operating costs, without which it is not possible to assess its efficiency in terms of (say) central management and office costs, ratio of direct work to indirect activity, and so on: in short, the same efficiency terms that are applied to service providers by their funders.

Second, the current consultation paper starts from the premise that the Executive itself has already decided that the fees are reasonable and that the Care Commission has sufficient resources to carry out their statutory duties in a cost-effective manner (Appendix C, para 17). The Executive has determined these matters, it seems, as if it, rather than service providers, were funding the Care Commission.

When we wrote to the Executive in advance of this consultation paper being issued, we proposed that fees be capped at (say) 1% of costs (see attached copy). We further proposed that the level of fee should be directly linked to the regulatory service provided by the Care Commission, on a value-for-money basis, and we would repeat that proposal here, based on this argument.

Finally, we note again that the present document states it is possible that some smaller providers may have to close . Once again we would want to state that we do not believe that it is in any way acceptable for services, however small, to close on account of an inability to pay unreasonably high registration fees; we also feel strongly that the acceptability of service closure is a reversal of previous policy in relation to the regulation of care and that therefore there ought to be a formal ministerial statement to this effect.

Yours sincerely

ANNIE GUNNER

Director

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