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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 Rate 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.



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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

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