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Our Ref **DL/DB/JS**
Your Ref
Date **7th October 2016**

Dear Geoff

LIVING WAGE

Thank you for your letter of the 27th September 2016 in relation to the above and providing clarification of the expectations around sleepovers.

I would just like to formally advise you of the approach being taken within Dundee to ensure the living wage commitment is met and the potential funding issues which may arise from 2017/18 onwards should further Scottish Government funding not be forthcoming.

As you are aware, the National Care Home Contract has made provision to ensure the £8.25 commitment can be accommodated within the 2016/17 negotiated fee rate and no local care home provider has advised that they won't comply with the contract. In relation to Dundee's external care at home services, a recent re-tender process was able to be adapted to ensure all successful care providers committed to paying the living wage, mainly from the contract start date in June 2016. This contract covers 7,500 hours of home care services per week.

We are currently in negotiation with around 15-20 providers of more specialist social care services such as accommodation with support and enabling day care to agree additional funding packages to meet the commitment on an individual provider basis. Information has been requested from all providers, an assessment has been made of the potential overall cost of implementation following receipt of this and for the 15-20 noted above who currently do not fully pay £8.25 per hour, further more detailed information is being sought to agree a position. Decisions on these are being made on a case by case basis to ensure there are no delays in the process and a commitment has been made to backdate payments as necessary to 1st October 2016.

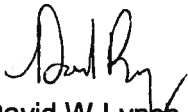
In line with good practice, we are exploring the creation of a local development fund which will enable those more progressive providers who will not receive any further funding directly to access additional funding for staff development opportunities in order to enhance the quality of care agenda. The value of this fund will be dependent on the affordability of the model.

7th October 2016

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The cost of implementing the living wage based on the model described above is estimated to be £1.292m in 2016/17 (including a £50k part year development fund). This compares with the Scottish Government's notional estimate of implementation costs for Dundee of approximately £1.15m. The full year cost of implementation is estimated to be £2.464m (including a £100k development fund) before taking into account any potential increase in the Living Wage above £8.25 per hour or a move to paying a living wage for sleepover arrangements. We do have significant concerns about the impact of the full year effect on the level of resources available given the previously agreed commitments set against this particular tranche of the £250m such as local authority cost pressures. We would ask that the importance of ensuring the policy is fully funded continues to be recognised in discussions around the spending review and subsequent finance settlement for 2017/18.

Yours sincerely



David W Lynch
Chief Officer

Dundee Health and Social Care Partnership