



# Provider Bulletin

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## Gross Vs. Net Payments For Care Homes

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As you may be aware the Local Government Ombudsman (LGO) has determined that the payment process agreed between the Council and ICG and reflected in the current Pre Purchase Agreement (PPA) does not reflect the LGO's interpretation of the Care Act 2014 and Care Act 2014 Care and Support Statutory Guidance.

The Council's preferred method has been to pay providers net of client contributions or third party contributions, unless the provider requests gross payments, resulting in the PPA being varied accordingly. The LGO has instructed the Council that it must give care homes (with or without nursing) an explicit choice of whether to receive payments gross or net of client contributions and/or third party contributions.

As a result of this the Council is in the process of revising the terms of the PPA to reflect the potential choices which can be made by providers. You will be contacted to clarify whether you wish to receive gross or net payments. If you wish your payment arrangements to remain the same your PPA will be amended to reflect this choice.

However, if you choose to move to gross payments the Council will liaise with individual people accessing the service and third parties, where relevant, so that they may make arrangements to amend their Direct Debits or other payment arrangements. In each case the date of the change to gross payments will be agreed and an amended IPA will be issued, removing any reference to the client contribution, and third party contribution where appropriate. Providers will be required to amend their invoicing systems to ensure no one is incorrectly invoice for contributions after the changeover date and, where appropriate, will need to arrange to reimburse any overpayments. It is unlikely that all people in a home will change their arrangements with the same implementation date.

The LGO also felt that the existing arrangements for confirming third party contributions and contracting arrangements required amendment. Therefore, where a third party contribution is currently in place the third party will be contacted by the Council to confirm that they are still willing and able to pay their contribution. If the third party contribution is to continue the Council will issue a revised Third Party Contribution contract and, once signed, a revised IPA will be issued removing the detail of the third party contribution but referencing an agreement is in place. If the third party is no longer willing or able to continue to pay the Council will commence discussions in relation to the future plans for the placement.

The process of completing the work required to satisfy the requirements of the LGO are complicated, due to the number of people, both clients and third parties, involved.

We hope to be able to complete this work by the end of November, subject to information being received from all parties in a timely manner. We will arrange some Provider Engagement Events during September to explain arrangements in more detail and to answer any queries providers may have. In the meantime you do not need to take any action.

If you have any queries in relation to this process generally please email [socialservices.contractingunit@northyorks.gov.uk](mailto:socialservices.contractingunit@northyorks.gov.uk). For queries in relation to individual clients please contact your local BACs team.

Any comments you have about these Bulletins (good or bad!) are welcome. Please contact:  
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