



Notice of NON KEY Executive Decision

Subject Heading:	Approval to increase the hourly rate for homecare services
Cabinet Member:	Councillor Jason Frost, Cabinet Member for Health and Adult Care Services
SLT Lead:	Barbara Nicholls, Director for Adults Social Care and Health
Report Author and contact details:	John Green, Head of Commissioning, john.green@havering.gov.uk
Policy context:	<p>The Council's market shaping and commissioning duties under the Care Act 2014 include:</p> <ul style="list-style-type: none">• promoting quality services, including through workforce development and remuneration and ensuring appropriately resourced care and support• supporting sustainability.
Financial summary:	<p>Financial implications arising as a result of increasing the homecare rate by 4%.</p> <p>Based on the projected forecast a 4% increase is estimated to cost up to an estimated £290,229 based on projections balanced by a projected increase in income of £48,491 making the net cost £241,738.</p>

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Relevant OSC:	Individuals
Is this decision exempt from being called-in?	Yes, it is a non-key decision by a member of staff

The subject matter of this report deals with the following Council Objectives

- Communities making Havering
- Places making Havering
- Opportunities making Havering
- Connections making Havering

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

The Senior Leadership Team Director with responsibility for Adult Social Care is asked to approve the following in line with the evidence presented in this report:

1. Increase to the rate of pay for homecare for the 20/21 financial year (1 April 2020 to 31 March 2021) to recognise the additional financial pressures faced by providers, ensure the market is sustainable and support the Council to remain competitive as a purchaser in the market.

AUTHORITY UNDER WHICH DECISION IS MADE

Havering Council's Constitution:

Part 3: Responsibility for Functions, Article 3.3 Powers of Members of the Senior Leadership Team.

Members of the Senior Leadership Team (SLT) have delegated authority to act as follows within the assigned service service/portfolio of responsibilities, subject to the general provisions and limitations set out in section 3.1 above.

General powers

(a) To take any steps necessary for proper management and administration of allocated portfolios.

(b) To exercise all the powers delegated to them personally and those powers delegated to Second Tier Managers and other staff members in their directorate where circumstances require and so far as legally permissible. Exercise of such powers should be recorded where appropriate. Where possible, a SLT member should give notice to a relevant staff member that he or she intends to exercise a specified power that is delegated to that staff member.

(c) To make arrangements to secure continuous improvement in the way the Council's functions are exercised having regard to a combination of economy, efficiency and effectiveness etc as required by external regulatory agencies.

(e) To restructure within existing service budgets and/or if budgetary provision is already made in the budget.

(f) Each member of SLT shall ensure that the rules of procedure set out in Part 4 of this constitution are observed throughout their service.

Financial responsibilities

(a) To incur expenditure within the revenue and capital budgets for their allocated

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portfolio as approved by the Council, or as otherwise approved, subject to any variation permitted by the Council's contract and financial procedure rules.

(b) To oversee the delivery of programmes agreed by Council and Cabinet.

At the Cabinet meeting of 12th February 2020, cabinet members delegated authority to the Directors of Children's and Adults authority to agree inflation rates with social care providers for the financial year 2020/21.

STATEMENT OF THE REASONS FOR THE DECISION

Background

1. This report concerns the declared usual rate the Council pays for homecare services. Providers are under financial pressure and struggle to recruit and retain staff. As a result, in 2019/20 two homecare providers exited the market and another provider was taken over by another company.
2. The Council previously paid for homecare services by the minute. This created issues for care staff not knowing how much they will get paid from one care visit to the next due to the varying call duration.
3. To address these issues the Council implemented a one year pilot of paying a minimum 30 minute payment for every homecare visit. This was an investment directly related to the quality of service and sustainability of the market.

The Current Situation

4. The Council currently pay £17.50 per hour for homecare.
5. From 1st April 2020, the National Minimum Wage (NMW) and National Living Wage (NLW) will increase by 6.2%, from £8.21 to £8.72 for those aged 25 and over.
6. Homecare workers are usually paid close to or just above the NMW and NLW, therefore these increases have a big impact on pay for front line care staff. Providers also have the added pressure of additional employer on-costs.
7. United Kingdom Homecare Association (UKHCA) has developed a model which aims to calculate a fair and sustainable price for care in an open and transparent format. The model has been used to produce minimum prices for care. UKHCA say this price will:
 - cover the costs of the workforce, including – as a minimum – full compliance with NMW and NLW, including any time spent travelling between service users' homes;
 - recognise that local labour markets often require wage rates above the minimum wage to recruit and retain a suitably skilled, experienced and

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stable workforce; recognise the costs of statutory regulation, and the levels of management supervision, organisation, training and development necessary to meet the purchaser's expectations of quality and safety;

- enable businesses to cover their costs of sale, operating costs and return on capital invested.

8. From April 2020, the UKHCA recommends that the minimum price for homecare services is £20.69, to incorporate the 6.2% increase of National Living Wage and other inflationary pressures.
9. To note UKHCA is the professional association of homecare providers.

Benchmarking

10. As part of the consultation, the Council contacted a number of authorities to obtain the usual rates they pay for homecare. As with all benchmarking there needs to be caution with accepting figures on face value, that the Council are comparing like with like, and that there are not particular circumstances which make difference inevitable.
11. The Council have obtained benchmarking data from six Councils for 2019/20 (as detailed in the table below). More recent data is not currently available as Councils are not in a position to share uplift proposals for 20/21.

Borough	30 minute rate
1	£10.02
2	£9.41 (average)
3	£8.34 (average rate)
4	£8.61 (average rate)
5	£8.12
6	£9.00

12. Havering currently pay £8.75 for a 30 minute care visit which would put Havering in the mid-point of the rates paid by other boroughs. If the other boroughs were to increase for 20/21, Havering would begin to fall behind if no uplift is provided for next financial year.

Consultation with the market

The Council opened a private consultation with the market and asked for feedback. Framework providers responded to the consultation and this has been summarised in the table below:

Are you experiencing any challenges around the recruitment and retention of staff, could you tell us what these challenges are?

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- The expectations of a care worker are not reflected in salary. It is extremely difficult to attract new staff to the industry, in part because of the negative press around zero hour contracts, poor working conditions and allegations of abuse.
- We cannot compete with other work outlets such as supermarkets who are paying far in excess of what we are able to offer care staff.
- Recruitment of staff is always a challenge due to low pay in comparison to other local jobs, high fuel costs, parking charges.
- It is hard to source care staff, we use social media, recruitment websites and still we cannot recruit enough staff.

Additional Comments

'The financial sustainability of LA commissioned homecare services is almost at tipping point. Previous years increases in statutory costs have not been funded by the level of uplifts which has increased financial pressures year on year. This year's increases are particularly significant and if they are not fully matched then the service may well become unsustainable'.

13. Another Havering specific problem is the difficulty in recruiting and retaining staff and the geographical size of the borough. Providers tell us that Havering has a particular make up of people that makes it more difficult to recruit. In neighbouring boroughs, where the providers get paid a lower hourly rate, they are able to recruit staff more easily than in Havering due to the local workforce. This is supported by Skills for Care who estimate that in Havering 12% of roles in adult social care were vacant, which is higher than the regional average, at 8.4%. This means that direct comparison with other boroughs, and the rates they pay, is of limited value.

Quality

14. Quality in the homecare market has remained constant with no increase in the level of concerns and issues raised. The Council regularly collects feedback from those receiving homecare to better understand quality. Feedback has remained positive with 89% experiencing a good or very good service.

Recommendation

15. It is recommended that Adult Social Care makes an uplift to the current hourly rate for homecare by 4%, taking the rate to £18.20 per hour, from 1st April 2020 to support and sustain the market and taking steps to address the issues raised in this report.

16. The proposals support the recruitment and retention of homecare workers. Providers are monitored in terms of implementing the new rates of pay and the working time directive.

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17. This is slightly below the full inflationary increases, however the Council made a significant investment in homecare last year through introducing a minimum payment for all care visits. This was on top of the increase to the hourly rate.

18. The projected cost of applying a 4% increase to the payments for homecare to be £290,229. This cost needs to be balanced against increased income from those paying the full cost of care (see Charging Implications section below) of £48,491 making a total of £241,738.

19. This report does not include the rates paid for Direct Payments (DPs) as this is being reviewed separately.

Charging Implications

20. Those who are liable for the full cost of their care and support (full cost payers) will need to be considered for charging implications as part of this uplift. An increase to the hourly rate would mean an increased charge which would result in increased income to the Council. The projected increase in income would be £48,491 for the financial year based on those currently paying the full cost of homecare.

In the future

21. Over the coming year the Council will be working with homecare providers to monitor and see if the market is showing any signs of strain at these rates. With any changes to rates, there will be the possibility of unforeseen impact and there will therefore be careful monitoring of the market behaviours. Communication will be maintained through regular forums and quality monitoring arrangements.

OTHER OPTIONS CONSIDERED AND REJECTED

Offer no uplift to the usual rate the Council pays for homecare.

This option was considered and rejected because:

- The Council wants to sustain its ability to be a key purchaser in the market.
- The Council recognises additional pressures placed on homecare providers, including the National Living Wage/National Minimum Wage and inflation increases.

PRE-DECISION CONSULTATION

As described the Council consulted with contracted homecare providers in Havering.

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NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: John Green

Designation: Head of Commissioning

A handwritten signature in black ink, appearing to read 'J. Green', is written over a light grey rectangular background.

Signature:

Date: 23/03/20

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

1. This report seeks the approval of the Director for Adults Social Care and Health an uplift to the hourly rates paid to the providers of homecare services for the 20/21 financial year (1 April 2020 to 31 March 2021). The relevant background is as set out within the body of this report.
2. The Council has a general power under section 1 of the Localism Act 2011 to do anything that individuals generally may do including the matters set out in this report.
3. The Care Act 2014 affords individuals the right to exercise choice in the types of care and support that they receive, including the receipt of care in an individual's home.
4. On 12 February 2020, Cabinet delegated authority to the relevant SLT officers, to increase to the rate of pay for homecare providers for the financial year ending 2021.
5. Under Rule 19.1 of the Council's Contract Procedure Rules (CPR) 19 (Variations, Extensions and Modifications of Contracts), "*subject to the authority given under the Council's Scheme of Delegation and CPRs 3 and 4, an officer who has responsibility for the day to day management and performance of an awarded contract may (subject to having the authority to do so) approve a variation or modification by way of additional works, services or supplies by the original contractor that have become necessary and were not included in the original procurement provided that one of the following applies:*
 - i. *The modifications have been provided for in the initial procurement documentation;*
 - ii. *A change in contractor cannot be made for economic or technical reasons such as requirements of interchangeability or interoperability with existing equipment, services or installations procured under the initial procurement, or, would cause significant inconvenience or substantial duplication of costs for the Council provided that an increase in price does not exceed 50% of the value of the original contract;*
 - iii. *Where the need for modification has been brought about by circumstances which the Council could not have foreseen, the modification does not alter the overall nature of the contract, any increase does not exceed 50% of the value of the original contract or framework agreement;*
 - iv. *Where a new contractor replaces the one to which the Council had initially awarded the contract as a consequence of universal or partial succession into the position of the initial contractor."*
6. The proposed contract uplifts comply with CPR 19.1 and Regulation 72 of the

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Public Contracts Regulations 2015.

FINANCIAL IMPLICATIONS AND RISKS

The recommendation in this report is to uplift current provider rates for Homecare by 4% for financial year 2020/21. This is reflective of various factors which have been outlined earlier in this report, including National living/minimum wage considerations, and a recommendation made by the UKHCA. High level benchmarking has been carried out with 6 other local authorities on their 2019/20 rates, and consultation with the market has also taken place, as outlined earlier in this report.

The estimated impact of this proposal is an annual increase of £290,229 per annum, and after a projected increase in income of £48,491, the impact is expected to be £241,738 per annum, based on a snapshot of placements billed in the first week of December 2019. The estimated costs and income assumes that current client numbers will continue at the same level. Since the actual financial impact is linked to the number of clients at the time of the uplift, the figure could increase or decrease, depending on actual client numbers during the 2020/21 financial year.

A summary of the snapshot data and the assumptions behind this uplift are summarised in the Table 1 below.

Table 1: Costs of Uplift based on December 2019 client numbers

Number of clients / Providers	Average current cost per week	Average uplift at 4% (per week)	Average cost after uplift per week	Estimated annual impact for a 4% increase	Estimated annual impact after including increase in income
778 / 30	£4,139.58	£185.54	£4,325.12	£290,229	£241,738

The Revised Budget for 2019/20 for Commissioned Homecare Services in Adult Social Care is £15.84m (net), with projected expenditure of £15.12m at period 11, resulting in a projected underspend of £722k, based on current clients in receipt of a homecare service (as shown in Table 2 below). With the anticipated inflationary uplift of 4%, the projected net expenditure, with all other factors remaining the same, would be £15.36m, reducing the projected underspend to £481k (as shown in Table 3).

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Table 2: Commissioned Homecare Expenditure Forecast at Period 11 2019/20 against revised budget

Subjective	2019/20 Revised Budget £	Period 11 Forecast Expenditure £	Period 11 Forecast Variance £
651420 Homecare Expenditure	£18,099,229	£17,376,077	-£723,152
517810 Homecare Income	-£2,260,980	-£2,260,245	735
Net Expenditure	£15,838,249	£15,115,832	-£722,417

Table 3: Commissioned Homecare Expenditure Forecast 2020/21 after a 4% uplift (assuming all other factors remain the same)

Subjective	2019/20 Revised Budget £	Period 11 Forecast Expenditure £	Period 11 Forecast Variance £
651420 Homecare Expenditure	£18,099,229	£17,666,306	-£432,923
517810 Homecare Income	-£2,260,980	-£2,308,736	-£47,756
Net Expenditure	£15,838,249	£15,357,571	-£480,678

The uplift of £241,738 for 2020/21 will be partly funded by additional inflationary budget provision of £913k for Adult Social Services as a whole. The current inflation costs for all Adult Social Care contracts for 2020/21 are currently estimated at £1.227m, leaving a current estimated shortfall of £314k. This is based on current client numbers and any additional inflationary shortfalls, including this budget pressure, will need to be met from within existing Adult Social Services budgets

HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)

The recommendations made in this report do not give rise to any identifiable HR risks or implications that would affect either the Council or its workforce.

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) the need to eliminate discrimination, harassment, victimisation and any

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- (ii) other conduct that is prohibited by or under the Equality Act 2010; the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

If the recommendation to increase the usual rates for care home placements for older people is agreed it should have a positive impact on equality groups. It will mean the Council remains competitive in the market giving residents more choice in the care home they choose. It should also mean care homes have more resources and therefore are able to offer residents better support.

If the proposal is agreed we will use existing quality monitoring arrangements to monitor the impact on existing and new residents of care homes to ensure there is no negative impact arising from the proposal or if there is, to mitigate it accordingly.

The service will continue to meet the needs of all eligible service users, including those from minority community groups and those 'protected' under Equality Act 2010 legislation.

BACKGROUND PAPERS

None

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Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

Proposal agreed

Details of decision maker

Signed



Name: Barbara Nicholls

Cabinet Portfolio held:

CMT Member title: Director of Adult Social Care

Head of Service title

Other manager title:

Date: 23rd March 2020

Lodging this notice

The signed decision notice must be delivered to the proper officer, Debra Marlow, Principal Democratic Services Officer in Democratic Services, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on _____

Signed _____