

Finance and Resources Committee

10.00am, Thursday, 27 August 2020

Edinburgh Integration Joint Board – Contract Living Wage Uplift

Executive/routine Executive
Wards
Council Commitments

1. Recommendations

- 1.1 Members of the Finance and Resources Committee are asked to:
 - 1.1.1 note the Direction from the Edinburgh Integration Joint Board (EIJB) to uplift contracts by 3.3% with effect from April 2020;
 - 1.1.2 approve the uplift of contracts in accordance with the Direction from the EIJB;
 - 1.1.3 note that the EIJB will reflect the estimated £3.4m cost pressure in 2020/21 in the Health and Social Care mobilisation plan financial returns to the Scottish Government and that the EIJB Chief Officer and Chief Finance Officer will continue to work with partners to identify how this will be addressed with an update to be reported to the EIJB and partners in October; and
 - 1.1.4 refer this report to Council as any shortfall in funding could result in a call on Council resources of up to the £3.4m estimated cost.

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Report

Edinburgh Integration Joint Board - Contract Living Wage Uplift

2. Executive Summary

- 2.1 This report provides an update on the EIJB's proposed approach to implementation of contract uplifts for 2020/21 including proposals relating to the national agreement on Fair Work and the Living Wage in Adult Social Care.

3. Background

- 3.1 In a [letter](#) of 10 April 2020, the Cabinet Secretary for Health and Sport and the COSLA Health and Social Care Spokesperson wrote to Local Authority Chief Executives and IJB Chief Officers and Chief Finance Officers setting out the national agreement on the approach to Fair Work and the Living Wage in Adult Social Care.
- 3.2 The EIJB considered a [report](#) on this matter on 24 August and agreed to implement contract uplifts of 3.3% at a cost of £6.0m and issue a Direction to the Council to implement the approved uplifts.

4. Main report

Fair Work and the Living Wage in Adult Social Care – National Agreement

- 4.1 On 10 April 2020, the Cabinet Secretary for Health and Sport and the COSLA Health and Social Care Spokesperson wrote to Local Authority Chief Executives and IJB Chief Officers and Chief Finance Officers setting out the national agreement on the approach to Fair Work and the Living Wage in Adult Social Care with uplifts of 3.3% to contract hourly rates to be applied from April 2020. The national agreement reflects the shared commitment to ensuring that all people providing direct adult social care support are paid the Living Wage.
- 4.2 The COSLA [Guidance](#) for Commissioned Services has been updated to reflect this agreement. This guidance confirms that the national uplift applies to local contracts and frameworks where:

- the provider is paying staff who are delivering direct care the Living Wage and includes care and support, day care and sleepovers in the third and independent commissioned services; and
- Direct Payments are being used to pay for staff who provide direct adult social care support, either in a social care provider organisation or someone employing a personal assistant, to ensure the Living Wage can be paid directly by the supported person.

4.3 The COSLA Guidance also lists some exclusions from the national agreement including previously agreed multiyear frameworks which already have an uplift factored in for living wage; residential care where the National Care Home Contract is agreed; and block contracts in full. While exclusions were allowed for block, residential and multi-year contracts these were not supported by the Edinburgh Health and Social Care Partnership.

EIJB Proposed Contractual Uplifts

- 4.4 The EIJB considered a report by the EIJB Chief Finance Officer at a meeting on 24 August 2020. The report noted that the EIJB had already implemented a 3.54% (£0.7m) uplift for residential placements for over 65s under the National Care Home Contract and recommended a 3.3% (6.0m) uplift for all other contacts. On this basis the total estimated cost of all contract uplifts in 2020/21 is £6.7m. Details of proposed uplifts are set out in Appendix 1 to this report.
- 4.5 The Local Government Finance Settlement included an earmarked allocation of £25m across Scotland as a contribution to continued delivery of the Living Wage. Edinburgh's share of this initial allocation was £2.1m. In recognition of the National Agreement, additional funding of £8.8m was confirmed in June across Scotland with Edinburgh receiving an allocation of £1.2m taking total funding available to £3.3m.
- 4.6 The total cost associated with proposed contract uplifts including the National Care Home Contract is £6.7m with £3.3m of funding available through earmarked allocations. Taken together this creates an additional pressure in the EIJB budget of £3.4m.
- 4.7 When additional funding was announced in June 2020 the Scottish Government agreed to continue to engage with Integration Authorities and Local Government and NHS partners to address any immediate challenges. The EIJB Chief Officer initiated discussions with Scottish Government officers and several meetings have taken place over recent months. Despite these efforts, the EIJB Chief Officer and Chief Finance Officer have advised that no further funding will be provided by the Scottish Government.

Implications for the EIJB

- 4.8 Implementing the proposed contract uplifts will create a £3.4m gap in the EIJB financial plan. The EIJB has agreed the recommendation to direct the Council to implement the contract uplifts. This decision will allow implementation of the national agreement and reflects the EIJB's strategic intent to build and maintain a high quality, skilled and sustainable health and social care workforce.

- 4.9 As this additional cost will lead directly to an increase in the EIJB savings target, in the first instance the financial impact will be recorded in the Health and Social Care mobilisation plan financial returns to the Scottish Government. In parallel, discussions with partners will continue to seek to identify a solution. Ultimately if these efforts are not successful then the Chief Officer will be required to bring forward a recovery plan for consideration by the EIJB. An update will be reported to the EIJB and partners in October.

5. Next Steps

- 5.1 The proposed contract uplifts will be implemented and backdated to April enabling providers to action pay uplifts.
- 5.2 The EIJB Chief Finance Officer will record the additional cost of £3.4m in the Health and Social Care mobilisation plan financial returns to the Scottish Government and discussions will continue with partners to seek a solution. If no solution is identified, the Chief Officer will develop a recovery plan for consideration by the EIJB.
- 5.3 An update will be reported to the EIJB and partners in October

6. Financial impact

- 6.1 The main report sets out the estimated financial implications of the proposed contract uplifts. The estimated funding gap will be considered alongside progress with delivery of the EIJB's approved savings programme and the EIJB Chief Finance Officer will provide regular updates to the EIJB and partners.

7. Stakeholder/Community Impact

- 7.1 The scale of the identified funding gap will require extensive and continuing engagement over the coming months as the EIJB and partners seek to identify a sustainable solution.

8. Background reading/external references

- 8.1 Relevant reading and references are hyperlinked within the main body of the report.

9. Appendices

Appendix 1 – Estimated Cost of Proposed Contract Uplifts

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Description of Service	Baseline Spend	Uplift %	Uplift
Residential Care – National Care Home Contract (NCHC)	£21m	3.54%	£0.74m
Day Care	£8m	3.3%	£0.26m
Care at Home – Sustainable Community Support ¹	£23m	3.3%	£0.75m
Care at Home and Care and Support – Other	£56m	3.3%	£1.85m
Direct Payments and ISFs	£34m	3.3%	£1.12m
Block Contracts	£23m	3.3%	£0.76m
Residential Care (outwith NCHC)	£37m	3.3%	£1.22m
	£202m		£6.70m

¹ Fixed rate contract extension to 30 September 2021 approved in December 2019