

Finance and Resources Committee

10.00am, Thursday, 20th May 2021

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 recommended to:
- 1.1.1 note the Direction from the Edinburgh Integration Joint Board (EIJB) to uplift contracts by 2.2% with effect from April 2021;
 - 1.1.2 approve the uplift of contracts in accordance with the Direction from the EIJB;
 - 1.1.3 note that the EIJB has reflected an estimated £3.5m cost pressure arising from the 2020/21 national uplift of contracts within the overall 2021/22 EIJB revenue budget gap and that the EIJB Chief Officer and Chief Finance Officer are continuing to liaise with Scottish Government officials to a seek a resolution to address this cost pressure in 2021/22;
 - 1.1.4 note that the national agreement is in place for 2021/22 only and that a commitment has been made by the Scottish Government and COSLA to undertake a policy review with the future approach to be fully considered and agreement sought by November 2021; and,
 - 1.1.5 refer this report to Council as any shortfall in funding could result in a call on Council resources of up to £3.5m in 2021/22 and up to £6.6m from 2022/23.

Stephen S. Moir
Executive Director of Resources

Contact: Hugh Dunn, Head of Finance,
Finance Division, Resources Directorate
E-mail: hugh.dunn@edinburgh.gov.uk | Tel: 0131 469 3150

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 2021/22 including proposals relating to the national agreement on Fair Work and the Living Wage in Adult Social Care.

3. Background

- 3.1 On 24 March 2021 the Cabinet Secretary for Health and Sport and the COSLA Health and Social Care Spokesperson published a [joint statement](#) of intent which included confirmation of funding to ensure adult social care workers will be paid at least the Real Living Wage in 2021/22 with uplifts to be backdated to April 2021.
- 3.2 The EIJB considered a [report](#) on this matter on 27 April 2021 and agreed to implement relevant contract uplifts of 2.2% at a cost of £4.0m in 2021/22 and issue a Direction to the Council to implement the approved uplifts.

4. Main report

Real Living Wage in Adult Social Care – National Agreement 2021/22

- 4.1 On 24 March 2021 the Scottish Government and COSLA published a joint statement of intent which included funding confirmation of £64.5m to enable a standard national uplift of 2.2% on relevant contract hourly rates for the implementation of the Real Living Wage in Adult Social Care in 2021/22.
- 4.2 As part of the Scottish Budget for 2021/22, £34m was originally included for delivery of the Real Living Wage in Adult Social Care. Further analysis showed that to implement the commitment to a national uplift for 2021/22, there was a shortfall in funding of £30.5m. This additional funding has now been approved and distributed to local authorities. As a result of the GAE distribution methodology, the Scottish Government acknowledged that there may be some IJBS that would still face a funding shortfall and, in these cases, it was noted that it was expected that reserves held locally by IJBS would be used to address any such shortfall in 2021/22.

- 4.3 The agreement will apply for 2021/22 only and the Scottish Government has agreed to a full policy review to clarify future arrangements from 2022 onwards.

National Agreement 2021/22 – Implications for the EIJB

- 4.4 The EIJB considered a report on this matter on 27 April 2021.
- 4.5 The estimated cost of a national 2.2% uplift in 2021/22 is £4.001m (see Appendix 1). Edinburgh's share of the additional funding of £30.5m (see paragraph 4.2) is £2.5m. Allowing for this additional funding, it was estimated that the EIJB would face a funding shortfall of £0.6m in respect of the national uplift for 2021/22. Scottish Government officials have confirmed that the £0.6m shortfall in 2021/22 can be met from the EIJB's reserves.

National Agreement 2020/21 – Funding Shortfall

- 4.6 While the arrangements set out above provide the basis for funding the 2021/22 national uplifts it should be noted that this does not address a recurring shortfall in funding relating to the 2020/21 national uplifts. This shortfall is estimated at £3.5m and is a key factor within the EIJB's overall 2021/22 financial plan gap of £9.3m. In 2020/21 the £3.5m shortfall was addressed through EIJB Covid-19 funding. The EIJB's Chief Officer and Chief Finance Officer are discussing the potential for a similar resolution for this financial year with Scottish Government colleagues.

Future Planning

- 4.7 The use of EIJB reserves would be a non-recurring solution (as is the case with the additional funding allocation of £2.5m outlined at paragraph 4.5 above). The combined recurring impact of the national contract uplifts is £6.6m. However, as noted previously, both COSLA and Scottish Government have agreed to undertake a policy review as part of the commitment towards the Fair Work in Social Care agenda. Any future national approach will be fully considered and agreement sought by November 2021.

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 Officer and Chief Finance Officer will continue discussions with Scottish Government officials to seek a resolution to address the £3.5m funding gap relating to the 2020/21 national contract uplifts pending the outcome of the wider policy review.
- 5.3 Regular updates will be reported to the EIJB and partners.

6. Financial impact

- 6.1 The main report sets out the estimated financial implications of the proposed contract uplifts. The estimated funding gap on the 2020/21 national uplifts and the recurring budget implications from 2022/23 will be considered alongside progress in addressing the wider EIJB budget gap and delivery of the EIJB's approved savings programme. The EIJB Chief Officer and 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 as the EIJB and partners seek to identify a sustainable solution.

8. Background reading/external references

- 8.1 Relevant papers are hyperlinked within the main body of the report.

9. Appendices

Appendix 1 – Estimated Cost of Proposed Contract Uplifts 2021/22

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Description of Service	Baseline Spend	Uplift %	Uplift 2021/22
Day Care	£8.26m	2.2%	£0.182m
Care at Home and Care and Support	£81.61m	2.2%	£1.795m
Direct Payments and Individual Service Funds	£35.12m	2.2%	£0.773m
Block Contracts	£18.58m	2.2%	£0.409m
Residential Care (outwith National Care Home Contract)	£38.31m	2.2%	£0.842m
	£181.88m		£4.001m