

REPORT

Fair work and the living wage in adult social care

Integration Joint Board

24th August 2020

Executive Summary

The purpose of this report is to provide the Integration Joint Board (IJB) with an update on implementation of the nationally agreed contract uplifts and the implications for the 20/21 financial plan.

Recommendations

It is recommended that the Integration Joint Board:

- a. agree to implement the nationally agreed 3.3% contract uplift at a cost of £6.0m;
- b. note that this will increase the financial plan gap by £3.4m;
- c. note that the Chief Officer and Chief Finance Officer will continue to work with partners to identify how this will be addressed;
- d. agree to receive an update at the meeting in October; and
- e. issue the direction attached as an appendix to this report to the City of Edinburgh Council.

Directions

Direction to City of Edinburgh Council, NHS Lothian or both organisations	No direction required	
	Issue a direction to City of Edinburgh Council	✓
	Issue a direction to NHS Lothian	
	Issue a direction to City of Edinburgh Council and NHS Lothian	

Report Circulation

1. This report has not been considered elsewhere.

Main Report

2. At its meeting in July, the IJB agreed the 2020/21 financial plan. In doing so the board noted the reliance on one off measures to support financial balance and asked for an update on implementation of the nationally agreed contract uplift.
3. On 10th April 2020, the Cabinet Secretary and the COSLA Health & Social Care Spokesperson wrote to Local Authority Chief Executives and IJB Chief Officers and Chief Finance Officers setting out their agreed approach to Fair Work and the Living Wage in Adult Social Care:

“To ensure that our workforce receive payment for the Living Wage and to recognise their efforts in the Covid response a national uplift of 3.3% to contract hourly rates has been agreed and should be applied from April 2020.”
4. The letter also made clear that providers should use this uplift to pay their staff the living wage with effect from 1st April 2020.
5. When preparing the financial plan for 20/21 it was assumed that, in line with the commitment set out in the letter, the costs associated with this policy would be funded in full. Any differential between the money available and the cost of implementation would therefore increase the IJB’s budgetary gap, and consequently the savings target. This is currently sitting at £15.9m.

6. In a subsequent letter, dated 8th June, the Cabinet Secretary confirmed the level of funding available and its distribution. This stated that an 'equitable approach' had been agreed with COSLA and 0.8% of the cost of the commitment would be allocated to integration authorities. This percentage was based on the assumption that areas would already have planned, and built into budgets, a 2.5% increase. From a total fund of £8.8m, Edinburgh received an allocation of £1.15m.
7. This letter also recognised that a settlement at this level would adversely impact some integration authorities and referred to the SG's commitment to continue to engage with integration authorities and local government and NHS partners to address any immediate financial challenges. With a significant shortfall in funding Edinburgh clearly fell into this category. The Chief Officer immediately initiated discussions with Scottish Government (SG) officers and several meetings have taken place over recent months. However, despite these best efforts, it is now clear that no further funding will be provided.
8. Accordingly the board is now in a position that implementing the national uplift with the consequent uplift in workers' pay will add £3.4m to the existing financial challenge. Despite this, it is recommended that the board now directs the Council to implement the 3.3% uplift. This proposal reflects the board's recognition of the work all health and social care staff make towards keeping vulnerable people in our city safe. A contribution which has been clearly demonstrated by the workforce's response to dealing with the challenges of COVID-19.
9. Further, ensuring providers are enabled to maintain a fair working regime to suitably recompense workers for the key roles they are undertaking, supports our strategic intent to build and maintain a high quality, skilled and sustainable health and social care workforce

Implications for Edinburgh Integration Joint Board

Financial

10. Under direction from the IJB, the Council has a varied range of contractual arrangements with 238 providers for the provision of social care services. This includes c130 block contracts, framework agreements and associated spot contracts. Also covered by the proposed 3.3% uplift are direct payments, individual service funds and payments to personal assistants (PAs).
11. Baseline annual contractual spend for Health and Social Care is just over £200m. To date the only contractual uplifts which have been actioned relate to the national care home contract (NCHC) which covers residential placements for the over 65s. Each year a nationally agreed uplift is applied, for 20/21 this was 3.54%.
12. The total cost associated with uprating all other contracts by 3.3% is £6.0m. To fund this, the IJB has received £2.1m via the SG's budget settlement and a further £1.15m as referenced in paragraph 6 above. Taken together this would increase the IJB's budgetary gap by £3.4m, putting the IJB in a similar position to previous years with an unbalanced budget.
13. As this additional cost will lead directly to an increase in the savings target, in the first instance the financial impact will be recorded in the mobilisation plan. In parallel, discussions with partners will continue as we 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 board.

Legal/risk implications

14. Failure to implement the contractual uplift would put Edinburgh out of step with the national agreement. Further, providers would face challenges in meeting the living wage requirements and many could only do so by making offsetting efficiencies elsewhere in their operations. This in turn is likely to impact on the quality and/or volume of service with negative consequences for outcomes.

Equality and integrated impact assessment

15. As outlined in the report.

Environment and sustainability impacts

16. Enabling providers to pay the living wage supports sustainability of the workforce with consequent positive impact on outcomes for the people of Edinburgh.

Quality of care

17. As outlined in the report.

Consultation

18. Officers have had ongoing communication with a range of stakeholders during this time. As part of these discussions providers, trades unions and other interested parties have consistently highlighted the pressures at both an organisational (provider) and personal (workforce) level.

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Appendices

Appendix 1 Direction to the City of Edinburgh Council

DIRECTION FROM THE EDINBURGH INTEGRATION JOINT BOARD

Reference number	TBC		
Does this direction supersede, vary or revoke an existing direction?	No		
Approval date	TBC		
Services/functions covered	<ul style="list-style-type: none"> • All purchased services (with the exception of residential accommodation for over 65s where the uplift has already been applied) • All direct payments, individual service funds and payments to personal assistants 		
Full text of direction	Implement a 3.3% contractual uplift in line with the letter of 10th April 2020 from the Cabinet Secretary and the COSLA Health & Social Care Spokesperson letter to Local Authority Chief Executives and IJB Chief Officers and Chief Finance Officers		
Direction to	The City of Edinburgh Council		
Link to relevant EIJB report	TBC		
Budget/finances allocated to carry out the detail		<i>NHS Lothian</i>	<i>City of Edinburgh Council</i>
	Specify financial year (2020/21)		£6.0m
	Specify financial year (2021/22)		£6.0m
Performance measures	Uplift to be actioned		
Date direction will be reviewed	October 2020		