

## **LATE BUSINESS SHEET**

### **Report Title: Financial impact of Covid-19 – update report**

#### **Item 9**

#### **Addendum setting out required clarifications and updated finance comments**

**Date: 16 June 2020**

#### **Reason for lateness and reason for urgent consideration**

This appendix is considered urgent pursuant to section 100B (4) (b) of the Local Government Act 1972. That provision states *“An item of business may not be considered at a meeting of a principal council unless ... by reason of special circumstances, which shall be specified in the minutes, the chairman of the meeting is of the opinion that the item should be considered at the meeting as a matter of urgency”*.

The alternative option would be to go back to Cabinet in July 2020. However, the recommendations set out here have financial implications which are related to the Covid-19 pandemic and therefore form part of the deliberations on the Financial Impact of Covid-19: update report. In addition, it is important to the Council that there is clarity about their response to the home care sector during this period of the Covid-19 pandemic, which has had such significant implications for the adult social care sector.

#### **Concurrence of the Democratic and Scrutiny Services Manager to the submission of this late item of business in accordance with Part 5 Section D – Protocol for Decision-Making - Paragraph 1.4.**

#### **ADDENDUM**

##### **1. Introduction**

- 1.1 This addendum has been drafted to clarify the financial implications for the Council of continued financial support for the home care sector as the transition to the new DPS arrangements, which incorporate the payment of LLW, takes effect

##### **2. Primary purpose of the report**

- 2.1 This addendum report provides a route for ensuring that care workers, given the long-term impact of the Covid-19 pandemic on the care sector, continue to be paid at rates which are commensurate with the valued work which they do for Haringey residents and supports implementation of the LLW for the care sector, at a quicker pace than previously envisaged and in a sustainable way despite the specific challenges of the Covid-19 pandemic for the care sector.

##### **3. Continued Financial Support for the home care sector as the transition to the new DPS arrangements takes effect**

- 3.1 In April 2020, the Leader, through a Cabinet Member signing, agreed several financial interventions to address Covid-19 related finance issues and to support local

organisations and residents. One of these measures included a £2 per hour uplift for each hour of home care delivered to Haringey residents for home care workers, bringing their hourly pay in line with LLW pay rates. This measure was initially set in place for a three-month period, due to end on 30<sup>th</sup> June, but was always subject to review given the uncertainty about the progress of the pandemic at that stage.

- 3.2 Given the continued prevalence of Covid-19 and the wider impacts of the pandemic on the care sector, already considered fragile at a national level, the proposal now is to extend the £2 per hour uplift to home care workers for all home care hours delivered in Haringey through until 1<sup>st</sup> August when the new home care DPS will come online. This enables the sector to continue to pay home care workers at a rate equivalent to LLW until the provisions under the new DPS come into effect that require suppliers to pay LLW as a minimum. The new DPS will cover all new home care packages put in place from 1<sup>st</sup> August.
- 3.3 In addition, it is proposed that the £2 per hour uplift to home care workers for those existing packages of home care delivered in Haringey which are not subject to the LLW requirements as at 1<sup>st</sup> August 2020 continues to be paid until such time as the contracts through which the hours are being delivered become subject to this requirement, which will be before the end of October 2020, when the provisions of PPN04 – 20 expire.
- 3.4 Procurement Policy Note (PPN) 04\_20 allows for recovery and transition from Covid 19 for measures put in place under PPN 02\_20 to provide contractual relief and financial support to critical services to maintain suppliers and sustain sectors at risk. In line with this guidance, the payment of the additional £2 per hour uplift to homecare workers enables the Council to ensure it can safeguard critical home care services during the Covid 19 crisis and allows time for the Council to effect a transition from the interim financial support arrangements outlined here and to move to a stable position for these critical sectors.
- 3.5 In light of the Covid-19 pandemic, with its implications for infection control, for demand for adult social care and for the adult social care workforce, it is proposed that all care packages are reviewed to ensure that the impacts of the new Covid-19 environment are taken fully into account and to incorporate the payment of LLW on all such packages.

#### **4. Additions to recommendations**

- 4.1 Cabinet is asked to approve additional recommendations as set out below
  - 4.1.1 The continued payment of the £2 per hour uplift to all home care workers for all hours of home care delivered in Haringey for the period from 1<sup>st</sup> July 2020 until 31<sup>st</sup> July 2020
  - 4.1.2 The continued payment of the £2 per hour uplift to home care workers for those hours of home care delivered in Haringey which are not subject to the LLW requirements from 1<sup>st</sup> August 2020 until the end of October 2020
  - 4.1.3 To note that a care package review will be undertaken on all DPS care packages which are not otherwise subject to the terms and conditions on the new DPS before the end of October, reflecting the potential changing requirements caused by the Covid-19

environment and its implications, which would incorporate the payment of LLW on all such packages.

## **5 Finance comments**

- 5.1 The cost of implementing London Living Wage for home care has been included in the base budget for Adult Social Care. Of the growth provided in the 2019/20 budget for Adults, £1.3m uplift is available for this and a further £2.9m was made available in 2020/21, making a total provision of £4.3m. This was offset by budgeted cost mitigations of £0.575m in 2020/21.
- 5.2 The cost of the £2/hour uplift for the three months to June 2020 was estimated to be £635k. The continued uplift from July to October is estimated to cost a maximum of £812k. Therefore, the total cost of the £2/hour uplift from April to October is estimated to be £1.447m.
- 5.3 The implementing of the £2/hour uplift to existing homecare workers is within the original budget, except that it negates the ability to achieve the assumed £0.575m mitigations. However, these interim bonus payments, made necessary to help safeguard supplier sustainability, will form part of the authority's Covid-19 grant claim and should they be considered eligible, this additional grant would offset the non-achievability of the planned mitigations.

## **6 Procurement comments**

- 6.1 Strategic Procurement supports the continued proposal to pay the additional £2 per hour to care workers and help maintain continuity of services in these critical sectors.
- 6.2 Procurement Policy Note (PPN) 04\_20 allows for recovery and transition from Covid 19 for measures put in place under PPN 02\_20 to provide contractual relief and financial support to critical services to maintain suppliers and sectors at risk. PPN 04\_20 requires Public Sector organisations to transition out of these support arrangements and put in place alternate arrangements by 31<sup>st</sup> October 2020.
- 6.3 The payment of the additional £2 per hour uplift to homecare workers is consistent with the guidance provided under PPN 02\_20 to ensure we safeguard these critical services during the Covid 19 crisis. Ensuring all home care packages incorporate the LLW by the end of October 2020 is also consistent with the requirements under PPN 04\_20 in transitioning out of the interim financial support arrangements and moving to a stable position for these critical sectors.

## **7 Legal comments**

- 7.1 The Assistant Director of Corporate Governance has been consulted on the contents of the Addendum report.