Homecare Association

Homecare Association submission to Public Accounts Committee, 12 January 2024

<u>Reforming adult social care in England Inquiry</u>

The Homecare Association is a member-led professional association, with over 2,400 homecare provider members across the UK.

Our members encompass the diversity of homecare providers in the market: from small to large; state-funded to predominantly, private-pay funded; generalist to specialist; live-in services to visiting services and from start-ups to mature businesses.

Our purpose is to enable a strong, sustainable, innovative and person-led homecare sector to grow, representing and supporting members so that we can all live well at home and flourish in our communities.

How to tackle low pay and support career development in the workforce

How to tackle pay in the social care sector

1. The **<u>Homecare Association's Homecare Deficit report</u>**, published in November 2023, found that an extra £2.08 billion per year across the UK is required to ensure that homecare workers can receive a fair wage, while enabling services to be of good quality and financially sustainable.

2. This finding is based on Freedom of Information enquiries submitted to 276 public organisations in the UK about fees paid to independent and voluntary sector providers to deliver homecare services. These organisations included local authorities; Integrated Care Boards (ICBs) in England; Local Health Boards in Wales; Health and Social Care (HSC) Trusts in Northern Ireland; and regional NHS Boards in Scotland.

3. In December 2023, The Homecare Association also revealed that only 5% of UK public organisations purchasing homecare services paid the **<u>Minimum Price for Homecare calculated by the Homecare Association</u>**. This minimum is based on a careworker receiving the National Living Wage in England, and real Living Wage in the devolved administrations. None of the Local Health Boards in

Wales, councils in Scotland, or HSC Trusts in Northern Ireland met the Homecare Association’s Minimum Price.

4. The same report found that eighteen public organisations paid average hourly rates for homecare that were lower than the amount required to cover careworker direct costs alone. These costs vary by nation, but comprise the wage specified above plus other employment on-costs. This leaves nothing extra to cover other operating costs and risks non-compliance with employment and care regulations, poor experience for those receiving and giving care and, potentially, provider insolvency. A third of these eighteen lowest-paying organisations were in Greater London.

5. There are ways to develop new models of care, Technology is widely recognised as being an increasingly critical enabler in how future models of both health and social care will be designed and delivered. Multidisciplinary teams are also a key feature of new care models. These new models of care would potentially mean the money available for care worker wages could be used more efficiently.

6. However, in the short term, it seems that a significant boost to the hourly rates paid for care is the only way to materially impact pay rates for careworkers.

Career development in the social care sector

7. Homecare providers aim to develop and retain staff through the provision of development opportunities. Professional organisations, such as the Homecare Association, support providers in this and offer training workshops for supervisors and managers, which are popular and well-attended. However, a national association cannot operate localised training for all the front-line workforce.

8. The Homecare Association administers the Workforce Development Fund (WDF), funded by the Department of Health and Social Care which allows employers to seek retrospective reimbursement of costs for the qualifications or learning programmes undertaken by their staff. Similar schemes operate in Wales and Scotland.

9. However, training and recruitment costs providers and these costs must be weighed against the impact of the consistently low fees paid by council-funded work and other factors such as the annual increase in the registration fees levied by the Care Quality Commission, the sector's regulator in England.

10. Providers have expressed concern that although reimbursement schemes exist they are inflexible, restricted to whole courses and do not cover induction training – an important issue in a sector which sees high turnover of staff.

11. Employers also struggle to identify which training providers offer best value and reliable services.

12. We appreciate the positive steps the government has taken in acknowledging the value of care work and progressing with elements of their reform programme announcing the **Care Workforce Pathway,** published in January 2023. Providing a clear career pathway will encourage those looking for work, as well as those already employed in care roles, to see the opportunities for developing their skills and experience in the sector.

13. Financial support for training and professional development is helpful when provider margins are tight. Focusing on improving consistency and portability of the Care Certificate will hopefully raise standards and reduce the time and cost of training new starters. Investing in digital leadership is also important, given the government's goals to join up care and ensure that at least 80 percent of providers are using digital care records. The commitment to training 37,000 individuals is excellent, but represents only a small percentage of recruits in the sector.

Certainty of funding

What are the funding challenges for social care in England and how can they be overcome?

14. The social care sector needs fewer short term cash injections and more strategic planning at a government level. A long-term social care funding strategy would help overcome the challenges of recruitment and retention in the sector.

15. We firmly believe that any long-term plan for funding adult social care service must make provisions to address the issues addressed elsewhere in this document. There are a number of steps that could be taken including meaningful integration between health and social care services and a frank discourse between Government and the public regarding people's expectations of social care services and what the role of the state should be in providing these services.

16. We do not consider the government's proposals in the **Local Government Finance Settlement** to represent a sustainable funding package for the adult social care sector. Whilst the government proposes that the Social Care Grant remains ring-fenced for adult and children's social care, allocation of funds at a local level will not ensure that adult social care spending for homecare services would be appropriately and proportionately allocated.

17. We have already expressed our concerns that funding decisions will remain at a local level and allocations will be based on pressures on local authorities. Many councils are worsening the impact of low fee rates by adding more providers to their frameworks and spreading the hours across all of them.

18. Local Authorities purchase in excess of 70% of homecare across England, in what is in many parts of the country, effectively, a monopsony market. Fee rates paid by councils to their providers still rarely take into account payments for careworkers' travel or 'down time' between assignments, despite this being 'working time' for the purposes of the National Minimum Wage Regulations and therefore costs which providers have a legal obligation to meet. A distorted social care market continues to operate because councils often take advantage of and in many cases exploit their dominant purchasing power. For example,

councils fail to recognise providers' increased costs resulting from the National Minimum Wage or changes to pension contributions.

19. Under new powers conferred to them under the Health and Care Act 2022, CQC are now independently assessing care provision at the level of local authorities and integrated care systems, **as explained on their website.**

20. However, the assessments do not consider the impact of Local Authority commissioning decisions on care delivery, low fee rates, and late payments of invoices.

21. As shown in the Homecare Association's late payments survey, a majority (81%) of respondents that hold contracts with their local authority have experienced late payments. Over 8 in 10 (83%) that hold contracts with the NHS have experienced late payments. In some cases, payments have been outstanding for over a year.

Revised plans for system reform published in April 2023

22. Proper funding is crucial to the social care sector. In the **September 2019 Spending Round** announcement, the Government announced an additional £1 billion for adult and children's social care in 2020/21, and said it would consult on a further 2% Adult Social Care precept to enable local authorities to access an additional £0.5 billion. This has not been delivered.

23. Ongoing staffing and financial pressures in social care are having massive impact on the sector. Demand for social care has never been higher. At the same time, vacancies in homecare are close to 14%, among the highest of any sector in the economy. During a recruitment and retention crisis, the funding for workforce reform has been cut to £250 million and pay and terms and conditions of employment are not being addressed. The Care Workforce Pathway is welcome, but is not enough to make the difference that the sector needs.

24. The self-funded sector is also struggling. CQC's **State of Care report** highlights that people who fund their own care are facing financial problems and are having to cut back on their own care. Unmet care needs inevitably lead to poorer health and wellbeing outcomes for individuals, who then increasingly rely on publicly-funded services, including the NHS.

25. We must invest in the social care workforce in a sustainable way to enable fair recognition and reward of professional carers for the skills and experience needed in these roles. This includes supporting their wellbeing and improving pay and terms and conditions of employment. Doing so will allow the sector to support more people to live well at home.