Homecare Association

Provisional local government finance settlement 2024-25 consultation

Preamble

[For information, this is a full list of questions in the consultation:

1. Do you agree with the government's proposed methodology for the distribution of the Revenue Support Grant in 2024-25?

2. Do you agree with the government's proposals to roll grants into the local government finance settlement in 2024-25?

3. Do you agree with the proposed package of council tax referendum principles for 2024-25?

4. Do you agree with the government's proposals to maintain the Funding Guarantee for 2024-25?

5. Do you agree with the government's proposals on funding for social care as part of the local government finance settlement in 2024-25?

6. Do you agree with the government's proposals for New Homes Bonus in 2024-25?

7. Do you agree with the government's proposals for Rural Services Delivery Grant in 2024-25?

8. Do you agree with the government's proposals for Services Grant in 2024-25?

9. Do you have any comments on the impact of the proposals outlined in this consultation document on persons who share a protected characteristic?

10. Do you have any views about the Government using levers in future local government finance settlements (those occurring after 2024-25) to disincentivise the 'four day working week' and equivalent arrangements of Part Time Work for Full Time Pay?]

The Homecare Association replied to Question 5 on funding for social care. Our submission, made online on 15 January 2024, was as follows:

Homecare Association

"Do you agree with the government's proposals on funding for social care as part of the local government finance settlement in 2024-25?

We consider the government's proposals for social care funding from the perspective of its potential impact on homecare (care services provided to people living in their own homes).

In summary, we disagree strongly with the government's proposals on funding for social care as part of the local government finance settlement in 2024-25. The budget allocated is grossly inadequate and risks local authorities being unable to cover the cost of the rise in the National Minimum Wage for the care workforce and increases in other operating costs.

Recruitment and retention of the care workforce is already challenging because of poor pay and terms and conditions of employment, which result from zero-hour commissioning of homecare at low fee rates. Starving councils of the funding they need will exacerbate the workforce problems, particularly as international recruitment is not a viable solution for homecare.

Central government must create the conditions for social care services to thrive to meet the needs of our ageing population. In 25 years' time, one in four of us will be over 65. Failure to invest appropriately in social care risks increasing unmet need, which will lead to greater cost and pressure for the NHS. NHS performance is already well below target on a range of metrics, including waiting times for planned care and ambulance response times. If citizens cannot access health and care services in a timely manner, or at all, it not only has a negative impact on individuals and communities, it will reduce the potential for economic growth.

We call on the government to invest at least £8 billion more per year in homecare and the wider social care sector and provide evidence for our position below.

About us

The Homecare Association is a member-led professional association with about 2,200 homecare provider members across the UK.

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

Our purpose is to ensure homecare receives the investment it deserves to enable all of us to live well at home and flourish in our communities.

Homecare Association, Sutton Business Centre, Restmor Way, Wallington, Surrey SM6 7AH
T 020 8661 8188 **F** 020 8669 7100 **E** enquiries@homecareassociation.org.uk **W** homecareassociation.org.uk

Homecare
Association

Homecare Deficit Report 2023

In November, we published our Homecare Deficit Report 2023[1].

The report is based on an analysis of all 276 public bodies in the UK that buy homecare from independent providers. The findings reveal that the fee rates paid to providers by local authority and NHS commissioners were, on average, 25 to 35 percent below the amount needed to pay careworkers fairly (£12.45 per hour, which is the rate paid to NHS Band 3 healthcare assistants with >2 years' experience).

We calculate that an extra **£2.08 billion** per year across the UK is required for homecare to ensure that homecare workers can receive a fair wage, while enabling services to be of good quality and financially sustainable. For England alone, the shortfall amounts to **£1.62 billion** per year.

The Health Foundation calculates that social care as a whole requires an additional £8 billion per year to stand still[2].

The proposed £1 billion for social care (both adult and children's) to be distributed through the 2024-25 local government finance settlement therefore would not meet the needs of adult social care alone, even before considering children's services.

Minimum Price for Homecare

Each year, the Homecare Association calculates a Minimum Price for Homecare. This is the lowest amount that commissioners of homecare would need to pay to ensure the minimum legally compliant pay rate for careworkers (excluding any enhancements for unsocial hours working), their travel time, mileage, and wage-related on-costs. The rate also includes the minimum contribution towards the costs of running a care business which complies with quality requirements at a financially sustainable level. The Minimum Price from April 2023, when the National Living Wage increased to £10.42 per hour, is £25.95 per hour in England

We have shown that only 5 percent of UK public organisations have paid that Minimum Price for Homecare during the current financial year. Overall, the fee rates offered were insufficient to enable homecare providers to meet their statutory obligations and other service delivery costs, such as office staff wages and equipment, training, quality governance, recruitment, PPE, insurance and a surplus for investment.

---

[1] Homecare Association 16 November 2023 Homecare Deficit Report 2023: The Homecare Deficit 2023 (homecareassociation.org.uk)
[2] https://www.health.org.uk/publications/long-reads/adult-social-care-funding-pressures

Homecare Association, Sutton Business Centre, Restmor Way, Wallington, Surrey SM6 7AH
T 020 8661 8188 **F** 020 8669 7100 **E** enquiries@homecareassociation.org.uk **W** homecareassociation.org.uk

The Homecare Association considers that it should be unlawful for public bodies to purchase care at fee rates which do not enable compliance with employment and care regulations. Paying rates that are non-viable leads to high staff turnover, poor quality care, and services that are unsustainable in the long term.

Our new Minimum Price for Homecare, which applies from April 2024 when the National Living Wage increases to £11.44 per hour, is £28.53 per hour.[3] The gap between this and what councils are currently paying is significant. 18 public bodies are paying an amount which does not even cover direct staff costs at the 2023/24 legal minimum wage.

Local Authority Commissioning Behaviours

Many councils are compounding the destabilising impact on local care markets of low fee rates by adding more providers to their framework agreements, spreading the hours of care more thinly across a larger group of providers. Services are too often bought piecemeal, leaving providers facing uncertainty and discouraging long-term investment.

On average, public bodies have increased their homecare hours by only 8 percent compared to last year, though there is some variation. Because of the fragmentation of hours, many providers are reporting a reduction of 25 to 35 percent in hours available to them. The cost per hour of homecare delivery is highly sensitive to the volume of hours delivered. Losing hours creates substantial risk to the viability of many homecare providers.

The data we gathered on care packages handed back in 2022-23 showed an average of 81 per council (or HSC Trust in Northern Ireland). Quality and availability of data on this metric were highly questionable, however; fewer than half of the public bodies responded properly to the question. This means that the true number of care package hand-backs is probably significantly higher.

Workforce Pressures

Skills for Care data show that England homecare workforce numbers declined sharply after 2020/2021.The vacancy rate in homecare is four times above the average for the wider economy[4]. Poor pay and terms and conditions of employment contribute significantly to the difficulties of retaining and recruiting care workers. Zero-hour commissioning of homecare at low fee rates exacerbates labour shortages in homecare.

---

[3] The Homecare Association December 2022: Homecare Association publishes Minimum Price for Homecare 2024-25

[4] https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/publications/national-information/The-state-of-the-adult-social-care-sector-and-workforce-in-England.aspx

Homecare Association, Sutton Business Centre, Restmor Way, Wallington, Surrey SM6 7AH
T 020 8661 8188 **F** 020 8669 7100 **E** enquiries@homecareassociation.org.uk **W** homecareassociation.org.uk

The recruitment of international workers explains the 2 percent decrease in vacancy rates in the independent sector homecare workforce in 2022/23. However, this avenue is now under high-profile threat because of new restrictions on immigration.

There is a growing body of evidence that care staff recruited from overseas are at risk of exploitation. The unpredictable way that many local authorities commission homecare (as mentioned above) makes it difficult for some employers, who have brought staff into the UK under sponsorship licences, to ensure that they and their workers can meet the terms of those licences. Ethical employment of overseas workers demands ethical commissioning with more predictability.

Ultimately, the challenges with recruitment and retention of careworkers, resulting from inadequate funding, increase the risk of inadequate care and unmet need. Both jeopardise the dignity, health, safety and wellbeing of those in need of care, increasing the reliance on the NHS and on family carers, which in turn impacts on productivity and the wider economy.

Local Government Association View of Consultation

We recognise the pressures on local authority budgets and the ongoing challenges affecting their ability to meet their statutory and other responsibilities. We would draw the government's attention to the Local Government Association's comments last month.[5]

"The funding uplift announced by the Government today assumes that all councils will increase their council tax bills by the maximum allowed in 2024/25. This means councils are again left facing the difficult choice about raising bills to bring in desperately needed funding.

"Today's settlement does not provide enough funding to meet the severe cost and demand pressures which have left councils of all political colours and types warning of the serious challenges they face to set balanced budgets next year. Councils in England continue to face a funding gap of £4 billion over the next two years as today's announcement does not change the funding gap facing councils this year and next.

"It is therefore unthinkable that government has not provided desperately needed new funding for local services in 2024/25. Although councils are working hard to reduce costs where possible, this means the local services in our communities may be further cut.

"No council is now immune to the growing risk to their financial sustainability. The Government urgently needs to address the growing financial crisis facing councils and come up with a long-term plan to sufficiently fund local services through multi-year settlements."

[5] https://www.local.gov.uk/about/news/lga-statement-provisional-local-government-finance-settlement

Homecare Association, Sutton Business Centre, Restmor Way, Wallington, Surrey SM6 7AH
T 020 8661 8188 **F** 020 8669 7100 **E** enquiries@homecareassociation.org.uk **W** homecareassociation.org.uk

Conclusion

Social care in the UK remains in a perilous condition and desperately needs a much higher level of investment. More investment would ensure improved employment conditions for those working in care, higher standards of service and lower levels of unmet need.

The Homecare Association supports the Health Foundation's conclusion that we need between £8 billion and £18 billion extra per year for social care.[6] We consider the funding package outlined in the government's consultation to be grossly insufficient for the reasons outlined above.

The people of the UK are getting older. In twenty-five years' time, one in four of us will be over sixty-five. Ageing is unavoidable. We call on the government to plan for this profound demographic shift and invest adequately in social care.

[6] https://www.health.org.uk/publications/long-reads/adult-social-care-funding-pressures

Homecare Association, Sutton Business Centre, Restmor Way, Wallington, Surrey SM6 7AH
T 020 8661 8188 **F** 020 8669 7100 **E** enquiries@homecareassociation.org.uk **W** homecareassociation.org.uk