



RECORD OF DECISION TAKEN IN CONSULTATION WITH THE LEADER ON GROUNDS OF URGENCY

Decision maker: Daljit Lally, Chief Executive, in consultation with Cllr Glen Sanderson, Leader of the Council

Use of further Covid-related Government grants for adult social care

Purpose of report

To recommend how two further Government grants provided at short notice to address pressures on the adult social care system during the current winter should be used – the Workforce Recruitment and Retention Fund Round Two (WRRF2) and the Omicron Support Fund (OSF). This decision is above the delegated limit for the Executive Director in consultation with the Cabinet Member, and therefore must be made in consultation with the Leader under the urgency provisions in paragraph 2.5 of the Council's standing orders.

In accordance with para 2.5 in Part 9 of the Council's constitution (page 219) this delegated officer decision will be reported to the next Cabinet meeting due to be held on the 8th February 2022

Recommendations

The Chief Executive is recommended:

1. to agree to the use of these grants as set out in this report, with the majority of the funding being distributed to care providers pro rata to the number of staff which they employ, and with fewer conditions than have applied to previous grants, reflecting the short timescale of the grants and the more permissive terms of the grant circulars, and allowing providers to use the money flexibly to achieve the underlying objectives of addressing workforce pressures and meeting the challenge of the Omicron wave

Key issues

1. The Workforce Recruitment and Retention Grant for Northumberland was initially a sum of £1,030,150, and an urgent decision taken in December approved the use of this grant to enable homecare providers to pay a retention bonus to care workers, since this was the sector in which workforce pressures were having the most serious impact on the Council's ability to arrange the care the people have been assessed as needing

2. As a consequence of increasing concern about the Omicron wave of the pandemic, the Government announced in mid-December that there would be a “Round two” of the Workforce Recruitment and Retention Grant, larger than the original grant, and covering a shorter period. The allocation to Northumberland is £1,901,816, which must be spent before the end of March. The grant conditions are more flexible than those of the initial fund – in particular, they permit the use of the fund to increase care workers’ basic rates of pay, as well as to pay bonuses, overtime and similar costs, and to fund other initiatives connected with recruitment and retention
3. On 10 January, the Government published details of a further fund, which had been announced on 29 December, the Omicron Support Fund. This is a non-ringfenced grant, though the Government has given indications about how it suggests the grant might be used, and the Government has indicated that it will be asking for reports about its use. The allocation to Northumberland is £380,363.
4. Officers considered the option of using this funding to launch a broader retention bonus scheme covering staff in a wider range of services. This would have been administratively complex, because the services which might have been included were more diverse in their operational models. We have also received submissions from providers – particularly some operators of care homes for older people – arguing that the funding should be allocated on a formula basis, allowing providers to use it more flexibly to reward staff and to meet additional costs associated with recruitment and retention.
5. The recommended approach would allocate the funding to all providers of adult social care services regulated by the Care Quality Commission on a formula based on the number of staff who they would usually expect to employ. This would include additional allocations to the homecare providers that are participating in the retention bonus scheme, as well as funding for care homes and independent supported living schemes.
6. To allow for the possibility that some care providers will face greater costs than others, it is proposed to hold back a proportion of the total available funding to be allocated on the basis of requests from providers who have experienced higher additional costs than can be covered from the formal allocation.

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BACKGROUND

1. Background

- 1.1 The two grants not yet allocated have differently described purposes, but both are more flexible than previous national funding schemes:
- a) Round two of the Workforce Recruitment and Retention Grant now permits effectively any type of expenditure which has the aim of increasing workforce capacity
 - b) The Omicron Support Fund is non-ring fenced money, and there are therefore no mandatory conditions on how it can be used, though there will be a requirement to report on its use.
- 1.2 The recommendation is that both forms of funding should be allocated through a simple combined mechanism, which allows care providers substantial flexibility. The main reasons for adopting that approach are that:
- a) Commissioned providers, many of which are not large organisations, are already receiving several separate streams of additional funding, all of which impose administratively demanding requirements about how they may be used and what information must be reported. These currently include:
 - separate funding streams for specified infection control measures, for the costs of testing, and for the costs of vaccination – packaged together within a single national “Infection Control and Testing Fund”, but with separate conditions on each element of the Fund
 - NHS funding to support bringing forward the pay increases which providers would have otherwise made in April, as a consequence of the increase to the National Living Wage – which are accompanied by conditions requiring providers to confirm that all additional funding is being used to increase rates of pay above levels being paid before 1 December 2021
 - For providers of mainstream “visit based” homecare, the bonus scheme introduced by the Council using what is now referred to as the first round of the Government’s Workforce Recruitment and Retention Grant. This scheme was developed in discussion with homecare providers, but will not be wholly straightforward for them to implement
 - For care homes, a local NHS funding scheme supporting providers to maintain the capacity to accept short-notice short-term placements for people discharged from hospital

Some providers have already struggled to understand the details of these schemes, as a time when most care services are also struggling with the immediate practical consequences of Omicron, which while it has been less

devastating in its impacts on service users' health than previous variants has led to exceptionally high levels of staff absence. The Council's own administrative resources are also being stretched by the number of special funding schemes in operation.

- b) It also currently appears likely that the impacts of Omicron may be concentrated in a shorter time period than previous variants. There are therefore strong reasons to make funding available to providers as soon as possible.

- 1.3 Officers have explored the possibility of using the additional Workforce Recruitment and Retention funding to introduce a further bonus scheme, covering a wider range of services than the initial scheme. Providers of the main services that might have been included in such a scheme were asked for the information necessary to cost it, and while many did supply information, the comments which we received were mostly opposed to the proposal to use the funding in that way. In particular, those care home providers which commented on the proposal argued that it was too inflexible, would not be the most effective use of the funding, and would fail to recognise the costs of measures which they were already taking to address workforce issues. The scheme introduced in home care emerged out of discussions with some of the main home care involved; an extended scheme does not appear to have the same level of support from the providers who would be involved.
- 1.4 A ministerial letter about Round Two of the Workforce Recruitment and Retention Grant received in mid-December did say that "Ensuring you have enough capacity is key and the quicker this can find its way into the pockets of care workers the better", but there is no grant condition requiring that the money is paid to care workers, and the context in the North East is affected by the fact that funding has been made available by the NHS to support bringing forward the April 2022 increase in the National Living Wage to make it payable from 1 December (which in effect means that care providers who sign up to that offer will be paying at least the same figure as if they were Real Living Wage employers, since both figures are £9.50 per hour). The NHS funding is also accompanied by a condition that it must be used *only* to increase rates of pay above what was payable before 1 December, which in effect means that some care home providers which increased pay above that level before 1 December have been disadvantaged. There is however some scope in the NHS scheme for agreement with providers that they can use the funding for bonuses or other one-off payments if it would cause difficulty to use all of it to increase base rates of pay.
- 1.5 On balance, while there may be some grounds for concern that providers receiving funding on a flexible basis might in effect use it to improve their bottom lines by charging to it expenditure which they would have had to incur anyway, there are also good reasons to allow flexibility, and the recommended approach is to permit any use consistent with the national grant conditions, while encouraging providers to consider bonus schemes and other measures of benefit to care workers. In practice, providers may need to consider offering incentives to care workers of one kind or another because of wider labour market conditions.

2. The proposed scheme

2.1 The main elements of the proposed scheme are as follows:

- a) Both grants will be allocated to providers in proportion to the number of care staff which they could usually be expected to employ. To avoid the risk of perversely making lower payments to those providers which have had the greatest difficulty in recent months in recruiting and retaining staff, so currently have fewer staff than they need, the figures used will ordinarily be the *highest* of the staffing figures which providers have reported at three dates: 1 July 2021 (before “Freedom Day” on 19 July, after which staffing pressures started to emerge); 1 October 2021, and 1 January 2022. Including the more recent dates will ensure that any providers which have significantly expanded their operations since last summer are not penalised.
- b) Grant conditions attached to the Workforce Recruitment and Retention Fund prohibit this kind of flexible formula allocation to any provider which isn’t registered with the Care Quality Commission, which means that payments from that Fund cannot be made to providers of day services.
- c) Providers will be able to use the grant which they receive for any purpose connected with recruitment, retention and workforce capacity, or for any additional infection-control costs which are not covered by the Infection Control and Testing Fund payments which they have already received. They will be encouraged but not required to consider using some or all of the funding to pay retention bonuses or recruitment incentives.
- d) 10% of the funding will be set aside to pay for additional costs that providers cannot meet from within the public funding now available to them. This could include costs of bringing forward the National Living Wage increase which are not covered by the NHS funding. This might arise because the provider has already increased care workers wages before 1 December, or because the NHS funding is being allocated through contracts for publicly funded service users, so that a provider which has a significant proportion of private service users may find it difficult to cover the cost of a wage increase, if their private contract terms do not enable them to introduce a fee increase before April to cover the additional cost.
- e) No guarantees will be given about meeting these or other additional costs. Providers will be invited to supply information about extra costs which they have incurred; where these are reasonable, and if total requests for funding do not exceed the available grant, they will be paid in full, otherwise some or all additional expenditure may be reimbursed only in part, or some may not be reimbursed at all. Because it is not possible to predict what costs may be identified, the Council will reserve the right to make decisions about this on any reasonable basis.

2.2 A draft of the grant agreement which providers will be asked to sign to access the funding is appended to this report. There will be minor modifications to this agreement for the day services included in the scheme, to reflect the intentions described above. The financial and statistical return required from providers includes the information about workforce recruitment and retention which we

understand will be required by DHSC, along with a question about the extent to which any new recruits have arrived from outside the care sector. This further question may be used as one factor in deciding which costs to reimburse, since there are in general no overall benefits for the care system, and potentially some disruption for service users, if the outcome of recruitment initiatives is only to encourage care workers to move between different care providers.

BACKGROUND PAPERS

There are no background documents for this report within the meaning of the Local Government (Access to Information) Act 1985.

IMPLICATIONS ARISING OUT OF THE REPORT

Policy	The aim of the proposal is to maintain the Council's ability to fulfil its statutory adult social care duties.
Finance and value for money	The proposals are designed to ensure that as much as possible of the available funding is used to support providers in ways consistent with the purposes of the grants, while minimising the risk of unexpected costs to the Council.
Legal	There are no legal implications in relation to the allocation of this funding.
Human Resources	The largest part of the funding will be used to address workforce issues in independent sector care providers. There are no implications for the Council's workforce.
Property	No implications have been identified.
Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A <input type="checkbox"/>	The proposal is essentially a means of strengthening the council's ability to fulfil existing statutory duties towards ill or disabled people.
Risk Assessment	The primary relevant risk for the Council is that it may become unable to fulfil its statutory duties because of the impact of the pandemic on the capacity of the care workforce, and the proposal is designed to mitigate that risk. The proposals are also designed to minimise the financial risk to the council of other current schemes to support the care workforce.
Crime & Disorder	No implications have been identified.

Customer Considerations	Current difficulties in arranging care services are having significant impacts on adults in need of care and support.
Carbon reduction	No indications have been identified.
Wards	All

URGENT DECISION TAKEN BY THE CHIEF EXECUTIVE IN CONSULTATION WITH THE LEADER OF THE COUNCIL

Subject: Use of further Covid-related Government grants for adult social care

Outcome of consultation with the Leader of the Council To agree the proposal

Decision Taken: Accept the recommendation

Signature of decision maker



Date: 26/01/2022
