

REPORT FOR: Decision by Leader of the Council

Subject: Temporary Additional Funding to Providers for COVID Related Costs

Responsible Officer: Paul Hewitt, Corporate Director People Services

Portfolio Holder: Councillor Graham Henson Leader Strategy, Partnerships, Devolution & Customer Services

Key Decision: Yes
Revenue expenditure in excess of £500k and effects all Wards.

Power to be exercised: Paragraph 3 to the Appendix to Executive Procedure Rules

Exempt: No

Urgent: Yes – To enable the allocation of payments to Harrow’s care providers who are supporting the most vulnerable residents. Allocation of the funding as soon as possible will also support the NHS in terms of hospital discharges and their response to COVID 19 crisis

Wards affected: All Wards

Enclosures: None

Section 1 – Summary and Recommendations

This report sets out proposals to make temporary additional payments to care providers for covid related costs.

Recommendations: That

1. the approach taken to support providers implemented with effect from 23 March 2020 until the end of June 2020 be noted.
2. the Council make a 5% temporary additional payment to care providers for covid related expenses for the period 23 March 2020 to the end of June 2020.

Reason: (For recommendation) to enable the Council to make payments to social care providers in accordance with the Government's allocation of additional covid funding and fulfil the Local Authority duty to manage the provider market.

Section 2 – Report

Introductory paragraph

1. This report sets out the approach to provide financial support to residential and nursing home, extra care and supported housing providers in Harrow and those outside Harrow where Harrow residents are placed. These providers are those that supply 24 hour care services to individuals in a care home setting and include extra care and supported housing.

Options considered

- Do nothing – this will not enable the Council to support the care provider market in Harrow during the covid emergency, the recovery and post covid period. This option will also be inconsistent with government guidance to public bodies on supporting their providers to ensure service continuity during and after the pandemic.
- Support care providers - Develop temporary funding proposals to support the market to increase its resilience during the covid period and ensure that there is a sustainable care market to continue to meet the needs of vulnerable Harrow residents in future.

Background

2. There are three papers that provide the context for developing the proposals for additional temporary funding and are outlined as follows:
Government Covid Funding for Local Authorities
3. The Government has allocated additional funding for local authorities for the covid related costs incurred. There have been two announcements on 20 March and 30 April. The total allocated to Harrow is £13.110m. This funding is for any covid related expenses and is not ring fenced to Adult Social Care (ASC). In both announcements, the Government set

out clear expectations that this funding will be used to support front line services and care providers including care homes.

Government Procurement Policy Note 02/20

4. The Government issued a Procurement Policy Note (PPN) on Supplier Relief Due to Covid-19 that came into immediate effect until the 30 June 2020. The purpose of the PPN is to ensure that suppliers continue to be paid as appropriate during the period of disruption caused by COVID-19, to support the additional covid related costs and so that they are in a position to resume normal contract delivery once the coronavirus outbreak is over. Harrow's Procurement Team has issued guidance on managing requests for additional funding to ensure that they are managed in accordance with the PPN.

LGA and ADASS Temporary Funding for Adult Social Care providers during the Covid-19 Crisis

5. The LGA/ADASS (Local Government Association/ Association of Directors of Adult Social Services) published a statement to give a framework for the consideration of locally determined temporary funding of social care providers in the light of the current national emergency. Its focus is on stabilising the adult social care market during the crisis. The Framework includes reference to the up-lift process for 2020/21 noting the national living wage and inflation and also the Government's additional temporary funding to recognise the cost pressures caused by Covid-19: higher dependency levels, higher staff sickness absence rates, higher administration costs due to greater volatility of support packages, and PPE (Personal Protective Equipment) costs.
6. The Framework suggests that any temporary increase could be initially for 1 month with effect from 1st. April 2020 with the expectation that it would be extended further if significant staffing issues persist. It is also suggested that the default position is that this extra temporary funding will end when the Covid-19 emergency finishes or is scaled down significantly.
7. Officers have already undertaken the follow steps to support providers aligned with the Government's Covid Funding, ADASS framework, Government's PPN and Procurement's advice:
 - i. Accelerated payment terms for social care providers implemented. Payment of invoices brought forward from the Council's default 30 days to 14 days, some social care providers already on immediate payment terms.
 - ii. Payments to day care / home care providers are now paid on a scheduler basis (reducing the administrative burden of raising invoices) for planned care for the period 23/03/20 to 30/06/20 (subject to review), regardless of whether the service user has cancelled the package or the provider has closed the service or provided an alternative. The cost of this is estimated at just under £500k.

- iii. Recipients of Direct Payments have been advised to continue paying their providers regardless of whether the service has been cancelled, ceased, or an alternative service is being provided. The cost of this is estimated at £150k.
 - iv. An enhanced covid home care rate has been agreed for a 3 week period following hospital discharge
 - v. Training on the use of PPE has been delivered and PPE has been provided as requested by providers.
 - vi. There are weekly forums for care home, home care and Mental Health/Learning Disability providers to update on covid matters and representatives include Public Health, ASC Officers, CCG (Clinical Commissioning Group) colleagues, including clinical staff.
 - vii. ASC officers work with providers to identify priority care homes to receive testing and the NWL (North West London) Enhance Home Care Support Package.
8. Items i-iv have a financial implications for the Council which can be calculated with more accuracy once the service delivery information has been submitted by providers. These are costs that are in addition to the proposals for temporary additional funding.

Proposals for Financial Support

9. It is proposed that temporary additional funding is allocated to the following providers:
- Residential and Nursing Providers
 - Extra Care Provider
 - Supported Living Providers
 - Mental Health Providers (managed by CNWL)

Temporary Additional Funding Proposals

10. It is proposed that care home, extra care and supported housing and MH providers for all placements commissioned by Harrow are paid a one off additional payment of 5%. The purpose of this payment is to provide financial support to enable the providers to continue their services, pay staff and suppliers, meet additional covid related costs and contribute to their resilience to continue operation throughout the covid period and the recovery phase thereafter.
11. There are frequently cited issues in relation to covid from providers eg increased staffing costs, training costs, PPE etc and the response to these is different across the providers. It is therefore proposed to allocate temporary additional funding on a flat rate of 5% to enable providers to manage their cash flow and officers to deliver the financial support expediently avoiding excessive bureaucracy.
12. The 5% is based on additional staffing costs using the proxy of the impact of the increase to the National Living Wage (NLW) from 1st April to 6.2% (affects approx. 70% of costs) and 2.5% on other costs (30%).

13. The 5% additional temporary payment will be calculated on the weekly rate paid to providers for existing care home packages as at 23rd March 2020 (consistent with the changes in payments to home care providers) for the three month period until the end of June.
14. An approach that agrees temporary funding on a quarterly basis will give the providers more certainty while enabling the local authority to adjust its approach in the light of the covid situation, provider needs and government funding.
15. The temporary additional payment would not be re-calculated during the agreed period or quarter. This would mean that the additional payment would not be adjusted if the package was ceased or reduced. Similarly, it would not be recalculated if a package was increased following an assessment during the period or quarter.
16. These initial additional temporary funding proposals are for the period from March to the end of June – Phase 1. As it is anticipated that there will be a second and possibly a third surge of infection, it is likely that there will be a need for continuing or further temporary additional funding for providers. In this context, officers will consider additional temporary funding on a quarterly basis and develop funding levels accordingly.
17. If the situation becomes more stable, for example, in terms of availability of staff, PPE supplies, support to providers for testing, it might be possible to adopt a sliding scale of financial support for any possible future phases of support. For example 4% for additional funding for Phase 2 (July to end of September), and Phase 3 (October to end of December) temporary additional funding at 3%. This position will be monitored closely and reported accordingly.
18. Cabinet will be requested to consider further proposals for temporary additional funding payments at their meeting in May 2020 to enable the Council to make further payments beyond the end of June as necessary.

Annual Up-Lifts

19. The process to agree annual up-lifts has not commenced at this time. Packages are spot purchased and the up-lifts are agreed on a case by case basis. The uplifts will be considered separately, because these are on-going financial commitments arising from the increases. Additional covid related costs are specific and time limited and one-off in nature.
20. Officers will be undertaking the process to agree Annual Up-lifts during the Summer. The ADASS framework in relation to NWL and cost inflation will be considered in negotiations with providers. The funding available for the up-lifts agreed as part of the 2020-21 Medium Term Financial Strategy (MTFS) is £700k. If there are annual up-lifts during this time there will not be any re-calculation of the temporary additional funding. If there is a continuing need for temporary additional payments these will be based on the fee rate as at the first month of the payment

eg July. This would therefore be based on any up-lifted rates, but not back dated.

Joint Packages with Health

21. The temporary additional payments will be calculated on the total package cost including health contribution, where appropriate. It is the intention that the Local Authority (LA) will recharge the additional temporary costs to the CCG, however, this will need to be discussed and agreed.
22. In some instances the provider may be receiving funding from the CCG on which the LA is not informed. Where this issue arises, officers will seek to resolve with the provider and CCG. The initial position for the LA will be to secure the funding from the CCG.

Self-Funders

23. The temporary additional funding includes payment for care provided to self-funders, and this increased cost is not proposed to be passed onto the citizens.

Non-Commissioned Providers in Harrow

24. For the initial financial support it is not proposed to fund care providers in Harrow where the Council have not commissioned any placements. Where providers in Harrow have seen a significant reduction in income following a drop in placements arising from the emergency, the Council may consider working with these organisations to provide support whilst looking to develop longer term block arrangements as part of a future commissioning strategy. This will be considered separately and at an appropriate time.

Risk Management Implications

25. Risk included on Directorate risk register? Yes
26. Separate risk register in place? No

27. The two main risks for the Council are:
 - Service providers ceasing to provide services for vulnerable people during the covid emergency and
 - The market is unable to continue to provide services post-covid.
28. The proposed temporary additional funding to care providers for covid related costs will mitigate the risk during the covid emergency and the post covid recovery.

Procurement Implications

29. The Government issued a Procurement Policy Note on Supplier Relief Due to Covid-19 that came into immediate effect until the 30 June 2020.

The purpose of the PPN is to ensure that suppliers continue to be paid, as appropriate, during the period of disruption caused by COVID-19, to support the additional covid related costs and so that they are in a position to resume normal contract delivery once the coronavirus outbreak is over.

30. Harrow's Procurement Team has issued guidance on managing requests for additional funding to ensure that they are managed in accordance with the PPN. Procurement have been engaged through the process of developing the approach set out in this paper and are in agreement of the approach proposed to support the Harrow care market.

Legal Implications

31. The Care Act 2014 created new responsibilities on Councils for "market shaping" which places duties on Local Authorities to stimulate the whole local market to ensure there is appropriate, high quality care and support for its citizens at a cost that can be afforded and represents value for money.
32. These funding proposals contribute to the Council fulfilling its duty during the covid emergency and reflect the LGA/ADASS framework.

Financial Implications

33. The estimated financial impact for Harrow of the proposals to pay temporary additional funding at 5% from April to June would be in the region of £600k (based on care costs of approx. £43m for the services covered by the proposal).
34. Assuming a 4% funding requirement for phase 2 this would reduce to approximately £430k and £320k for phase 3 (assumed at 3%).
35. The funding proposals take into consideration the additional covid related costs that providers are experiencing including increases in staffing costs, PPE and training.
36. The temporary additional funding will be funded from the government's grant funding to local authorities.

Equalities implications / Public Sector Equality Duty

37. A formal EQIA has not been necessary because this is a temporary measure that will ensure the continuation of care arrangements for vulnerable people and adults in receipt of packages to meet assessed needs during this emergency covid period. In particular supporting the market providing services to an increasing population of over 65 year olds is positive for this age group.

Council Priorities

38. The proposals to provide temporary additional funding to social care providers for covid related costs contributes to the Council's priorities :
- Improving the environment and addressing climate change
 - Tackling poverty and inequality
 - Building homes and infrastructure
 - Addressing health and social care inequality
 - Thriving economy
39. By addressing health and social care inequality of residents receiving support and services from care providers.

Section 3 – Statutory Officer Clearance

Signature: Donna Edwards		
Name: Donna Edwards	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 5 th May 2020		
Signature: Sharon Clarke		
Name: Sharon Clarke	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 5 th May 2020		

Section 3 - Procurement Officer Clearance

Name: Nimesh Mehta	<input checked="" type="checkbox"/>	Head of Procurement
Date: 5 th May 2020		

Section 3 – Corporate Director Clearance

Name: Paul Hewitt

Corporate Director People Services

Date: 5th May 2020

MANDATORY

Ward Councillors notified:

No

EqIA carried out:

No

EqIA cleared by:

An EQIA has not been undertaken but this additional funding will have a positive impact on all the protected characteristics.

Section 4 - Contact Details and Background Papers

Contact: Johanna Morgan, Divisional Director People Services 0208 736 6841, johanna.morgan@harrow.gov.uk.

Background Papers: None

Signature: Paul Hewitt

Position: Corporate Director People Services

Name: (print) Paul Hewitt

Date: 6 May 2020

For Leader

* I do agree to the decision proposed

* I do not agree to the decision proposed

* *Please delete as appropriate*

Notification of disclosable non-pecuniary and pecuniary interests (if any):

[Should you have a disclosable pecuniary interest, you should not take this decision.]

Additional comments made by and/or options considered by the Portfolio Holder

Signature:

Leader

Date:

**Call-In Waived by the
Chair of Overview and
Scrutiny Committee**

YES

The decision is urgent and cannot wait until the scheduled meeting of Cabinet on 21 May as this would delay the allocation of payments to Harrow's care providers who are supporting the most vulnerable residents. Allocation of the funding as soon as possible will also support the NHS in terms of hospital discharges and their response to COVID 19 crisis.