

**REPORT TO:** Executive Board

**DATE:** 17<sup>th</sup> September 2020

**REPORTING OFFICER:** Strategic Director- People

**PORTFOLIO:** Children, Education and Social Care

**SUBJECT:** Financial Support to Care Providers during the pandemic

**WARDS:** Borough – wide

## **1.0 PURPOSE OF REPORT**

1.1 To update the Executive Board Members with details of the current financial support available to care providers to support additional cost pressures related to COVID 19.

## **2.0 RECOMMENDATION:**

- I. Members of the Executive Board to note the contents of the report.
- II. Executive Board Members to consider and advise on the options available for consideration.

## **3.0 SUPPORTING INFORMATION**

3.1 COVID 19 has been one of the greatest challenges for care providers nationally; both in relation to ensuring the health and well-being of their residents and service users, and the additional financial impact of the virus. The levels of expenditure in this area are significant and essential to reduce the impact of the virus on vulnerable individuals, who rely on the providers to keep them safe and well. It is important to note here, that the care market was fragile prior to the impact of COVID 19, with ongoing challenges in relation to sustainability and quality of care.

3.2 The government has acknowledged this with emergency temporary funding for local government and a further £600 million via the Infection Control Grant to help care providers manage infection control and remain resilient.

3.3 It is not clear at this stage if Local Authorities will receive any further COVID funding from central government, it is therefore essential at this stage we review our current commitments and expenditure. Although it has been suggested that we will receive another

allocation of the Infection control grant to fund additional PPE requirements.

- 3.4 The emergency funding has been utilised locally to ensure financial support is available to all contracted care providers within Halton, in line with ADASS guidelines. In order to alleviate financial pressures and support the sustainability of our care providers. A process has been established to ensure only relevant COVID related expenditure is funded. In addition we have not applied payment terms to ensure that all invoices are paid immediately, helping to support the cash flow of these independent businesses.

3.5 **Additional finance support available for Care Providers**

At the start of the pandemic, the Local Authority agreed to fund vacant beds in the sector, to ensure we had sufficient capacity available, plus to provide additional financial support to the homes with excessive vacancies. As the pandemic progressed, and the number of vacancies in the sector increased, it became apparent that this was financially unsustainable, and similar to a number of other Authorities we agreed to cease this level of support on the 31<sup>st</sup> June.

- 3.6 A grant was made available to Local Authorities from central government, and included an element for supporting the care market. The guidance available, was not specific in relation to how much of the Local Authority Grant was available to support the sector. All care providers, were notified in March, that the Local Authority would support them with additional COVID related expenditure.

- 3.7 To date the claims for additional COVID related expenditure equates to £1,835,262.30. (There are still outstanding invoices to be submitted).

- 3.8 In addition central government have allocated a ring fenced grant for care providers; The infection Control Grant of £1,008,396. This allocation is available for all 779 registered care home beds in Halton, and equates to £970.86 per bed. In addition 25% of the fund was made available to support our Domiciliary Care sector.

- 3.9 Again, providers submitted their proposed expenditure plans to the Local Authority, to ensure all expenditure was to support opportunities to minimise the spread of the virus, and therefore protect individuals.

3.10 **OPTIONS APPRAISAL**

There are a number of options for the Local authority to consider in relation to the provision of ongoing financial support to the sector

during this period, consideration should also be made to approach the CCG to support this financial pressure within the sector.

Option 1:

**For the Local Authority to continue with the current position to fund all COVID related costs for all care providers, until the pandemic comes to an end.**

**Cost:** £568,731.66 per month

**Risks:** The cost is a predictive amount as there are still providers who have not submitted claims. This option will provide the greatest impact on the COVID related expenditure budget. This amount is recurring monthly and could continue for a significant amount of time. Further additional costs may be incurred by the Council via this option if there is a second wave of the pandemic. This option does provide some support to the sector in relation to market stability, however even with this amount of funding support, there does remain an ongoing risk of market failure.

Option 2:

**For the Local Authority to fund only additional PPE costs, once the infection control grant funding ceases.**

**Costs:** £367,052.46 per month

**Risks:** The predicted costs are based on historical data, and may increase dependent on if we experience any additional outbreaks-particularly in the care home sector.

Any reduction in the current financial support to the care sector will have an impact on their future financial viability, during this time.

There may be a risk, due to financial constraints that providers may ration the use of PPE, which will have a negative impact on both staff and service users.

Option 3:

**For the Local Authority to only offer financial support to care homes for PPE.**

**Cost:** £75,798.10 per month

**Risks:** The main risk will be around the sustainability of the domiciliary care and supported living market and their capacity to support with the ongoing need within the Borough without any financial support.

There may also be a risk, due to financial constraints that providers may ration the use of PPE, which will have a negative impact on both staff and service users.

#### Option 4:

**For the Local Authority to continue to fund at the current COVID related expenditure levels until March 2021.**

**Costs:** £3,981k

**Risks:** The main risk for market stability are mitigated with this option, however, the costs to the Council remain prohibitive although time limited.

This option does provide some support to the sector in relation to market stability, however even with this amount of funding support, there does remain an ongoing risk of market failure.

#### Option 5:

**For the Local Authority to offer no financial support to the care sector within Halton, and cease all additional funding from 1<sup>st</sup> September 2020.**

**Costs:** Nil

**Risks:** The financial risk to the Council is minimised. However, there is an increased risk of market failure with this option.

Providers may transfer costs via 'top up' arrangements and increase care home fees to cover the gap.

- 3.11 Based on the highlighted risks and costs associated with each option, it is recommended that the Executive Board considers agreeing to option 2. There is a possibility that the government will provide additional funding for PPE costs to care providers; if we receive this then the additional cost to the council will be removed. This will minimise the financial risks to the Council, ensure HBC responsibilities under the Care Act, and support the care market as a whole.

#### **4.0 POLICY IMPLICATIONS**

- 4.1 Section 5 of the Care Act 2014 gives the local authority statutory obligations in respect of market shaping and the commissioning of adult care and support and a critical role in maintaining an efficient and effective market of services for meeting the care and support needs. In order to fulfil its duty the local authority must have effective strategies to shape and maintain the marketplace.

#### **5.0 OTHER/FINANCIAL IMPLICATIONS**

- 5.1 The emergency COVID funding is time-limited, with a number of different calls on spend. As per the Q1 revenue spending position report presented to Management Team 28/7/20 it is assumed the majority of lockdown measures will end in September and services will continue to resume to operate as they had done so before the pandemic. However, there is a very high likelihood of additional costs and loss of income to ASC continuing beyond this

point. Although the Council has received £9.279m to date toward additional costs incurred and loss of income during the pandemic, the shortfall in funding for the year is expected to be circa £13m.

5.2 Additional costs must therefore be minimised to reduce the financial risk to the Council.

5.3 There is no guarantee of any additional funding being made available for ongoing commitments.

5.4 Without additional funding being made available the current situation cannot be maintained and alternatives need to be considered.

## **6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

### **6.1 Children & Young People in Halton**

None identified.

### **6.2 Employment, Learning & Skills in Halton**

A loss of any of the care providers within Halton will have a corresponding adverse impact on the workforce and drive up unemployment rates in Halton.

### **6.3 A Healthy Halton**

The local authority must fulfil its duty under the Care Act to promote individual wellbeing and outcomes in everything it does. The Local Authority must understand the outcomes that are most important to people living in its area and demonstrate that these outcomes are at the heart of local commissioning strategies and policies.

### **6.4 A Safer Halton**

Both the local authority and providers need to do all that they can to prevent provider failure. The impact on individuals who use the services is extremely stressful and on occasion result in death.

### **6.5 Halton's Urban Renewal**

None identified.

## **7.0 RISK ANALYSIS**

7.1 Reducing the financial support to the care sector at this time, may result in care home closures, loss of supported living and

domiciliary care providers across Halton, and a potential loss of jobs.

- 7.2 If a service provider providing regulated Care and Support activities in a Local Authority area becomes no longer able to do so then the Local Authority has a duty under section 48 of the Care Act to meet the needs of affected persons or carers and pay any costs that are incurred because of this.

## **8.0 EQUALITY & DIVERSITY ISSUES**

- 8.1 Any decision, which may affect the care market stability, would also affect the most vulnerable and disabled individuals with care and support needs in Halton.