

Title of report; Bonus Payments for frontline care staff

Decision maker: Cabinet Member, Health and Adult Wellbeing

Decision date: 24 January 2022

Report by; Acting Service Director, All Age Commissioning

Classification

Open

Decision type

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

This is a key decision because it is likely to be significant having regard to: the strategic nature of the decision; and / or whether the outcome will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards) affected.

Notice has been served in accordance with Part 3, Section 10 (General Exception) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) Regulations 2012.

Wards affected

All wards

Purpose

To approve payments to registered care providers, to enable bonus payments to be made to all frontline care staff in Herefordshire. Frontline workers would include any staff who are essential to delivering care, including some catering or cleaning workers. The payments are intended to promote retention of essential workers during a time of very significant workforce challenges. Payments will total £500 for each worker and will be made by registered care providers as the employers, through their payroll. The cost of the payments will be met through the Workforce Recruitment and Retention Fund, supplemented from the council's own resources. The payments will be made between January and March 2022, and will be funded from the Workforce Recruitment and Retention Grant and council reserves earmarked for adult social care.

Recommendation(s)

That:

- a) **Payment is made to all registered care providers in Herefordshire to enable them to make bonus payments of £500 to each frontline care worker in the county, during the period to March 2022, to a maximum total cost of £2.4m and;**
- b) **Authority is delegated to the Interim Director for Community and Wellbeing to approve all processes and operational arrangements required for the payments to be made.**

Alternative options

1. Not to enable bonuses to be paid to frontline workers. This option is not recommended as it would miss an opportunity to promote staff retention in the care sector during a time of critical workforce challenges. There is also significant expectation among registered providers that payments will be made, as they have been in other parts of the UK, utilising the government grant available
2. To enable payment of bonuses lower than £500 and rely solely on government grant to fund the costs involved. This option is not recommended as the proposed council enables the payment of bonuses at a meaningful and recognisable level. Further more than has been positive reaction from care providers and other stakeholders to the council committing its own resources to the bonuses.
3. To make a single payment to providers to enable a lump sum bonus of £500 or other amount. A single bonus payment is not recommended as for low paid and part time workers, it would increase the risk of adversely affecting their entitlement to universal credit or other benefits.
4. To pay the money to care providers as employers, leaving it to their discretion as to exactly how and when it is paid to workers. This is not recommended, as the council needs to be assured that the funds go directly to frontline workers. The discretionary approach would create a direct audit requirement and significantly increase the administrative burden of the scheme for council and providers.

Key considerations

5. There is a national problem in recruitment and retention of care workers. The average rate of pay for care workers does not compare favourably with the retail and hospitality sector and in Herefordshire, it is apparent that the two sectors are competing for staff. Skills for Care estimates that the turnover rate of care staff in Herefordshire is 38.4%, higher than the regional average of 29.5% and higher than the England average of 30.70%. Adult social care in Herefordshire has an experienced core of workers, with an average 8.3 years of experience in the sector and 68% of the workforce has been working for at least three years.
6. Not all turnover results in workers leaving the sector, with patterns of recruitment indicating that nearly two thirds (61%) of those recruited come from employers within adult social care. This means that the sector retains the skills and experience of these workers but the overall size of the workforce does not increase, and in general, remains too small as the number of workers leaving the sector outstrips the number of new entrants. The council and its providers and other partners have worked together to promote employment in the care sector, including through the 'care hero' brand and now through the recently launched "Herefordshire Cares" campaign and website. This continues to build upon a strong relationship with the market to improve terms and conditions for the workforce and to increase recruitment. There is growing recognition among

NHS leaders, nationally and locally that the health service needs to work to protect and potentially invest in the social care workforce.

7. Government announced the £162.5m extension of the Workforce Recruitment and Retention Fund on 21 October 2021, with grant conditions and guidance published in November 2021. The main purpose of the funding is to support local authorities in England to address Adult Social Care (ASC) workforce capacity pressures in their geographical area through recruitment and retention activity this winter. This is intended to;
- support providers to maintain the provision of safe care and bolster capacity within providers to deliver more hours of care
 - support timely and safe discharge from hospital, where ongoing care and support is needed
 - support providers to prevent admission to hospital
 - enable timely new care provision in the community
 - support and boost retention of staff within social care

This is a ring-fenced grant, being paid in 2 instalments to local authorities. The department's expectation is that the grant will be fully spent on addressing local workforce capacity pressures through recruitment and retention activity by 31 March 2022.

8. On 10 December 2021, the Government announced a £300m 'extension' to the Workforce Recruitment and Retention Fund. The conditions of this grant are similar to the initial grant. Local authorities can use funding directly to deliver measures that help all registered providers of adult social care in their geographical area, including care homes and domiciliary care. Care providers with which local authorities do not have contracts are also included.

Local authorities can also choose to passport some, or all of the fund directly to a care provider to deliver measures that retain existing capacity or increase staffing capacity within the provider's organisation. However, they should ensure that funding is only passported directly to a provider that is registered with the CQC. In general, this means providers of home care, supported living and residential and nursing care homes.

9. Herefordshire Council proposes to pay a retention payment per frontline worker of £500, making no differentiation between full time or part time workers; to be paid in the new year 2022 to encourage workers to remain in the sector over the winter months. A broad definition of frontline work will be adopted, to include cleaning and catering staff, registered managers and some administrative staff where their roles are critical to delivering care. The council proposes to boost the grant funding received from Government by use of council reserves earmarked for adult social care. The grant conditions allow transfer of funding to CQC registered providers only, so identification of eligible providers will be based on the CQC's list of registered providers for Herefordshire.
10. Each provider will be required to sign and return a grant agreement confirming that they will passport the funding to workers, and inform us of the number of workers in their employ. The grant agreement will make it clear that should the money not be passed to workers, or should the number of workers be found to be inaccurate then the council will seek to recover the grant funding paid over. It is proposed to include some non-care workers in the allocation of funding as many workers who do not directly provide care can still be 'frontline' workers, especially during the pandemic; for example, registered managers, cleaning and catering staff. Staff in direct care and support services operated by the council or Hoople Care will be included in the bonus scheme.

The proposed gross payment per worker is £500, but as with any money paid to employees, the actual increase in disposable income for each worker will be lower due to PAYE and national insurance deductions. The net amount of retention bonus will vary from worker to worker depending upon their exact circumstances. Any bonus may also have an impact on amounts of Universal Credit received by those workers eligible for benefits. Advice from the council's Welfare and Financial Assessment Team is that any negative impact will be mitigated, at least in part, by spreading the bonus over three monthly payments. It is therefore proposed that three payments will be made to employers; at the end of January and in February and March 2022. When consulted, residential and nursing home providers did indicate a preference for a single lump-sum payment, but in view of the considerations around part time or low paid workers on benefits, that is not the approach recommended.

11. A number of local authorities in England and the governments of Wales and Scotland have similarly transferred funds to care sector employers to enable bonus payments to staff. Other councils in England are now planning similar schemes. The different approaches adopted in different areas have been explored and considered. The use of a flat-rate bonus paid to all staff inclusively is considered to be the approach which best balances fairness and optimum potential impact, along with simplicity and minimal administrative burden. Amongst the learning taken from experience in other areas is for the council to be cautious in any public statements or media coverage about the bonus payments. In particular, it should ensure that people are not given to expect to receive payments directly from the council, nor to receive £500 without any deductions for tax or pensions etc.
12. There are no procurement implications in relation to this decision.

Community impact

13. The proposed bonus payments to frontline care staff will contribute tangibly and directly to two of the three themes in the County Plan 2020 to 2024; Economy and Communities. It represents a direct investment in a significant part of the local workforce economy, involving more than 4,000 workers. It will promote stability of the local economy, through the care services themselves and through resources of local people, living and working in Herefordshire. It also promotes stability of the workforce which is good for communities, with sustained or extended stability benefitting both urban and rural communities across the county. In addition the scheme is intended to help protect the continuity and quality of care and support to the most vulnerable local people. Protection and development of the resilience of the care sector locally forms part of the council's current delivery plan, which in turn supports implementation of the County Plan. .
14. The proposals arise in part from comprehensive and evolving partnerships with commissioned and other providers in local markets, including care homes and domiciliary care services. The council is also implementing a wider strategic approach to promoting recruitment and retention across the care workforce. In so doing, it is working in partnership with NHS organisations within the emerging Integrated Care System (ICS), as well as with providers.
15. There are no particular implications for the council as corporate parent or for care experienced young people and care leavers. In general only very small numbers of these groups will take up registered care services for adults.

There are no particular implications for health and safety from this proposal.

Environmental Impact

16. The proposed decision has no specific or particular implications for the council's environmental policy/commitments, including the considerations below.
- Increase flood resilience and reduce levels of phosphate pollution in the county's river
 - Reduce the council's carbon emissions
 - Work in partnership with others to reduce county carbon emissions
 - Improve the air quality within Herefordshire
 - Improve residents' access to green space in Herefordshire
 - Improve energy efficiency of homes and build standards for new housing
 - Increase the number of short distance trips being done by sustainable modes of travel – walking, cycling, public transport

Whilst this is a decision on back office functions and will have minimal environmental impacts, consideration has been made to minimise waste and resource use in line with the Council's Environmental Policy and therefore the grant agreement and payment arrangements will be communicated electronically and in simple form .

Equality duty

17. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:
- A public authority must, in the exercise of its functions, have due regard to the need to –
- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
18. [The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a decision on back office functions, it may not have a significant direct impact on our equality duty. However, it will benefit a significant number of the local population of working age people who are employed in the local care sector. This group includes many individuals who share one or more protected characteristics under the Equality Act, potentially relating to gender, marriage and civil partnership, race, religion , disability, sex, pregnancy and

maternity. The proposal is also expected to confer a benefit for all those older and disabled people who use social care services, by helping to sustain and protect the essential local workforce, on which their care and support depend. There is expected to be no negative or detrimental impact from this decision for anyone sharing protected characteristics.

19. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. Our providers will be made aware of their contractual requirements in regards to equality legislation.

Resource implications

20. It is proposed to make payments to registered providers equivalent to £500 for every person they employ to provide care and support to people in Herefordshire. The number of these workers is estimated to be 4,516. However, the actual number of workers will only be confirmed when the grants are offered to registered providers. Therefore the cost of the bonus payments overall is estimated in the table below, but the maximum cost of the scheme to the council and overall in the recommendation is higher, to provide some contingency.

Workforce Recruitment & Retention Bonus- Summary of Proposed Costs & Funding		
Cost	Basis	Cost (£m)
Bonus Payment to Frontline Workers	£500 x 4,516 workers	2.258
Funded By		
		Funding (£m)
Workforce Recruitment & Retention Grant		0.596
Workforce Recruitment and Retention Grant Extension		1.101
ASC Earmarked Reserves		0.561
Total Funding		2.258

As set out in the table, all of the WRRG available from government is utilised to pay for the bonuses and this will meet approximately 75.6% of the costs involved. The council's contribution will be met from the AWB Transitional Grant and Supporting Providing Care Costs specific reserves, earmarked for adult social care.

21. Employers will be required to sign a grant agreement undertaking that the number of eligible staff is accurate and to pass all the payment to their staff via their payroll, subject to PAYE and pension deductions.

Revenue or Capital cost of project (indicate R or C)	2020/21	2021/22	2022/23	Future Years	Total
R	£000	£2,258k	£000	£000	£2,258k
TOTAL		£2,258k			£2,258k

Funding streams (indicate whether base budget / external / grant / capital borrowing)	2020/21	2021/22	2022/23	Future Years	Total
Workforce Recruitment and Retention Grant	£000	£1,697k	£000	£000	£1,697k
Community and Wellbeing Specific Reserve		£ 561k			£ 561k
TOTAL		£2,258k			£2,258k

Revenue budget implications	2020/21	2021/22	2022/23	Future Years	Total
	£000	£000	£000	£000	£000
<i>note any impact on revenue budget, good or bad</i>					
TOTAL					Nil

Legal implications

22. The majority of the bonus payment will be funded by the Workforce Recruitment and Retention Fund which has been allocated to the council by central government. The guidance that accompanies this funding allocation is clear that its main purpose is to support local authorities to address adult social care workforce capacity pressures. The guidance is also specific that the grant “must only be used to deliver measure to address local workforce capacity pressures in adult social care between 21 October 2021 and 31 March 2022, the bonus payment proposed in this report meets this criteria. The proposed payment of a bonus payment to staff employed by CQC registered providers is also in line with the suggestion in the guidance that the funding is used to retain the capacity of social care staff. Section 1 of the Localism Act 2011 allows the council to do anything that an individual may and Section 4 (c) gives the council the power to do in any way whatever to do anything for the benefit of the authority its area or persons resident or present in its area.

23. Legal Services has drafted the proposed grant agreement that registered providers will be required to enter into before receiving funding for the bonus. This agreement provides the council with a right to clawback funding in the event that there is a breach of the agreement and a right for the council to audit the records of the registered provider to ensure that the monies have been appropriately distributed.

Risk management

24. The following risks have been identified related as potentially arising from the proposed decision;

Risk / opportunity	Mitigation
The bonus payments may not reach all those workers who have a key role in delivering care services.	The scheme is directed to workers as inclusively as practicable, so including registered managers, cleaners and catering staff and some administrative staff. Officers will advise employers on any potential uncertainties or exclusions.
Some employers may not passport all the bonus payment to staff in full and as intended.	Employers will sign a simple grant agreement undertaking to do so and the council will act to recover payments where required. Payments will not be made without the employer's undertaking and confirmation of numbers of eligible staff.
Part time or low paid workers may lose out financially through the impact of the bonus payments on their entitlement to universal credit or other benefits.	Advice has been taken to minimise such impact by spreading the payments over three months, but within one tax year.
The bonus payments may not have a decisive impact on retention as they may be insufficient to change workers' intentions or workers may leave after receiving the payments.	There is no exact science in seeking to retain staff but there is some consensus across the public and provider sectors that at this stage, bonus payments over a period will have impact, whilst being manageable to implement.
Workers may be misled or confused about how much money they will receive or from where.	The council will undertake limited public media communications on the issue and will make clear that the payments are via employers and will be subject to payroll deductions, so that workers will not receive net payment of all of the £500.

25. The risks will be managed at a directorate level.

Consultees

26. The council has consulted registered providers of domiciliary care and residential and nursing care on the proposals, including providers not commissioned by the council. Around 45 different organisations have attended forum meetings where the consultation took place. All registered providers have been told in writing of the outline proposals and have had the opportunity to respond and provide comments. Providers have very widely supported the proposed payment of bonuses and in particular, the council's contribution of its own funds to the scheme. Domiciliary care providers generally preferred the proposal for three monthly payments, whilst care home providers requested a single payment. A small number of providers across the sector have requested a payment to employers, giving them discretion as to how and/or when it is passed on to staff.
27. Officers have also conferred widely with other local authorities and considered material provided from other areas as to schemes implemented or under consideration. This information has influenced factors in the proposed approach, including timing, the value of payments and the approach to communications.
28. Council members have been consulted via the political groups process. Comments and suggestions were received from a number of members, from different political groups. All members responding were supportive of the proposal in general. Some members reflected that disappointment that funding from national government is at a level which prompted the council to add its own financial contribution. There were two suggestions about ways in which the payments could be varied or calibrated according to factors such as length of service. It is considered that such an approach would add considerably to the administrative burden and complexity of the scheme and so this is not recommended.

Appendices

None

Background papers

None identified.

Report Reviewers Used for appraising this report:

Please note this section must be completed before the report can be published		
Governance	Sarah Buffrey, Democratic Services Officer	Date 10/01/2022
Finance	Kim Wratten, Directorate Finance Manager	Date 10/01/2022
Legal	Alice McAlpine	Date 11/01/2022
Communications	Luenne featherstone	Date 11/01/2022

Equality Duty	Carol Trachonitis	Date 10/01/2022
Procurement	Mark Cage	Date 11/01/2022
Risk	Click or tap here to enter text.	Date Click or tap to enter a date.

Approved by	Paul Smith, Acting Director, Community & Wellbeing	Date 14/01/2022
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