

Pressure Mandate Proposal Number :  
 Pressure Mandate Title : Increase in Domiciliary Care provider fees due to introduction of the Living Wage

All information requested must be completed on the proposed mandate to enable the Cabinet to decide whether to proceed with the proposal.

<b>Mandate Completed by</b>	<i>Tyrone Stokes</i>
<b>Date</b>	<i>10<sup>th</sup> September 2015</i>

#### Why is this pressure required?

Current discussion is on the removal of the 1.7% non-pay budget inflation factor from the 2016/17 MTFP on the basis of present low to near zero RPI.

Within the SCH 2016/17 budget we have a £8,822,039 third party budget covering payments to domiciliary care agencies providing 9,532 weekly hours of care as at 31<sup>st</sup> March 2015.

For 2016/17 the current minimum wage of £6.50 per hour will be replaced by the Living wage of £7.20 per hour rising to £9 per hour in 2020, which is a direct cost to providers and impacts on our fees.

In his budget statement this summer, the Chancellor announced that the current minimum wage will be replaced in 2016 with the Living wage of £7.20 per hour increasing to £9 per hour by 2020. Recent information gathered shows that these agencies can no longer bear the cost of wage increases and in order to sustain a supply market in this sector, we will need to reflect any future rises in our fees.

The United Kingdom Homecare Association (UKHCA) has sent out recent research suggesting a domiciliary care hourly fee rate of £16.70 be charged for domiciliary services. This research has been quoted by one of our major domiciliary care agency in a letter to Paul Matthews. If we compare the UKHCA rate against our current average framework rate of £12.52 per hour, this is over £4 per hour less. This mandate is not seeking to address this difference but to only acknowledge the Living wage increase from the current £6.50 minimum wage.

#### How much pressure is there and over what period?

£346,965 for 2016/17 just to address the introduced Living wage rate of £7.20

<b>Directorate &amp; Service Area responsible</b>
SCH and Community Care
<b>Mandate lead(s)</b>
Tyrone Stokes

<b>Have you undertaken any initial consultation on the need for this pressure to be included in the MTFP?</b>		
Name	Organisation/ department	Date
Mark Howcroft	Assistant Head of Finance	20 <sup>th</sup> July then challenge panel 4 <sup>th</sup> September
Joy Robson	Head of Finance	20 <sup>th</sup> July then challenge panel 4 <sup>th</sup> September
Simon Burch	Former SCH Director	20 <sup>th</sup> July
Julie Boothroyd	Interim SCH Director	20 <sup>th</sup> July

<b>Has the specific budget pressure been consulted on?</b>		
<b>Function</b>	<b>Date</b>	<b>Details of any changes made?</b>
Department Management Team		
Other Service Contributing to / impacted		
Senior leadership team		
Select Committee		
Public or other stakeholders		
Cabinet (sign off to proceed)		

<b>Will any further consultation be needed?</b>		
Name	Organisation/ department	Date

<b>Final pressure approved by Cabinet</b>	<b>Date:</b>
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## 1. Vision and Outcomes of the Pressure Mandate

Give a business context for the budget pressure. This must pick up on the vision and what the new / improved / reduced service will look like in the future including the anticipated experience of users. It must also consider any impact on the Council's key priorities and strategic outcomes. Similarly does it impact on service performance within the immediate service area or any impact on other services provided by the authority / any other

providers. In doing so, the pressure mandate must be tested against the equality impact assessment and sustainable development impact assessment and must consider impact in relation to the new Future Generations Bill.

<b>What are the outcomes of investing in the identified pressure?</b>
To ensure we have a market that will contract with the Authority and provide sustainable services.
<b>Expected positive impacts</b>
Harbour good relations with providers and sustain a viable market which can meet cost pressures through the introduction of the Living wage to care staff.
<b>Expected negative impacts</b>
Domiciliary care agencies will decide not to contract with Monmouthshire and of those that do, face financial hardship. Over the past 12 months four agencies have gone financially insolvent and we are currently working with two who are on the edge of insolvency.

## 2. Pressure proposed

Show how the budget pressure has been evidenced and will increase the current service budget. This must cover each year implicated. This section must also cover any other efficiency that will arise from the pressure.

<b>What is the evidence for the pressure? How has it been estimated?</b>							
Evidence for the pressure is based on the introduction of the Living Wage hourly rate of £7.20 in 2016 and research issued by the UKHCA. We have determined the pressure using the weekly care hours provided.							
Service area	Current Budget £	Proposed Cash Pressure £	Proposed non cash efficiencies – non £	Target year			Total pressure proposed
				15/16	16/17	17/18	
Community Care	£8,822,039	£346,965	0	n/a	£346,965	£	£346,965

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### 3. Actions to required to minimise the pressure

Describe the key activities that will be undertaken to minimise the investment required and the action holders. This includes any actions contributed to by other services. Give the timescales to complete the work. This must also factor in any business activities that will need to be done differently or cease in order to achieve the mandate.

Action	Officer/ Service responsible	Timescale

### 4. Additional skills/ business needs

Describe any additional skills, resource and capability needed in order to carry out the proposed mandate successfully. For example new expertise and knowledge etc..

Any additional capability required	Where will this come from	Any other resource/ business need (non-financial)

### 5. Measuring performance on the mandate

How do you intend to measure the impact of the investing in the pressure identified? This will include budget measures and further possible measures that cover process, staff and customers. Targets need to be set over the duration of the mandate where appropriate.

Focus- Budget / Process / Staff / Customer	Indicator	Actual 2016/17	Actual 2017/18	Actual 2018/19	Target 2016/17	Target 2017/18	Target 2018/19


## 6. Key Risks and Issues

Are there any potential barriers and risks that will need to be managed in delivering the outcomes expected from investing in the pressure identified, including any negative impacts identified in section 1 that need to be accounted for. Also, set out the steps that will be taken to mitigate these.

Barrier or Risk	Strategic/ Operational	Reason why identified (evidence)	Risk Level (High, Medium or Low) Based on a score assessing the probability & impact	Mitigating Actions

## 7. Assumptions

Describe any assumptions made that underpin the justification for the option.

Assumption	Reason why assumption is being made (evidence)	Decision Maker

## 8. Options

Prior to the pressure mandate being written, an options appraisal will have taken place. Summarise here the outcome of the Options considered and detail the rationale on why they were disregarded. ( see options appraisal guide for further information)

Options	Reason why Option was not progressed	Decision Maker
Do not reflect Living wage increases in our fee	Care agencies face financial hardship, domiciliary care business in no longer viable in Monmouthshire	Julie Boothroyd
Increase eligibility criteria	<p>Previous raising of eligible criteria has not materialised savings. Adult services approach to manage practice is by maximising support from family and community before providing formal services, which has resulted in Community Care delivering to budget, despite demographics and increased complexity pressures.</p> <p>In addition, mandate 34 has addressed the raising of eligibility criteria to removing the 'moderate' threshold.</p>	Julie Boothroyd
Reduce services provided	As with above this is addressed in mandate 34 and mirrors our current direction of travel. At present we are looking to support service users through community support, small local enterprises and community co-ordination that will see less reliance on formal support and a more blended approach for people to remain safe and connected to communities.	Julie Boothroyd

## 9. Monitoring the pressure mandate

The pressure mandates must be monitored through directorate budget monitoring. This will lead into corporate budget monitoring. In addition the action plan, performance measures and the risk assessment must be transferred into the service plans for the business area in order to monitor and challenge the delivery of the pressure mandate, including the performance being achieved and the level of impact.