

## **Calderdale MBC**

**Wards Affected: All**

**Cabinet 11 July 2022**

### **DELIVERING OUR AMBITION TO BE A REAL LIVING WAGE AND ETHICAL CARE COMMISSIONER IN CALDERDALE**

**Report of: Director of Adult Services and Wellbeing**

#### **1. Purpose of Report**

- 1.1 Calderdale aspires to improving the wages and the terms and conditions of the local care workforce. The ambition to become a regional leader in terms of pay and support for care workers would help with the recruitment and retention of staff and ensure people received care and support in a timely way. This in turn would bring greater stability to the local care market and improve the quality of care delivered in Calderdale. It is important to live our values of kindness and resilience in our employment, it is equally important we carry those values through to our commissioning, giving commissioned services the support and funding they need to support staff and deliver an excellent service.
- 1.2 This report sets out the current issues facing social care including recruitment and retention which is closely linked to salaries and the funding of social care. The report outlines the principles of the real living wage and the financial envelope required to implement this in Calderdale to support our social care market.
- 1.3 The report outlines the ambition for Calderdale Council to work towards the further implementation of ethical care. Meeting these values would bring us in line with both the GMB and Unison Ethical Care Charters, documents we should proudly add Calderdale's name to as an employer and commissioner who places a high value in our local workforce.
- 1.4 The report outlines Calderdale's approach to ensuring that the care we commission is ethical and sets out the role of the Integrated Commissioning, Contracts and Quality team in developing and maintaining a provider market in Calderdale that is ethical in the care that is provided alongside the terms and conditions offered to staff.
- 1.5 The Care Act (2014) introduced new duties for local authorities to facilitate and shape a diverse, sustainable, and quality market, emphasising that local authorities have a responsibility for promoting the wellbeing of the whole local population, not just those whose care and support they currently fund. Sustainable funding and fair rates of pay underpin the facilitation of a vibrant market that can meet diverse need and deliver good quality care and support.

## 2. Need for a decision

- 2.1 A decision is required from Cabinet to commit to the implementation of the Real Living Wage in Calderdale and increase the uplift identified in the Medium-Term Financial Strategy to facilitate this commitment.

## 3. Recommendation

- 3.1 To commit to reaching a fee rate which allows providers to pay the Real Living Wage in Calderdale, helping to address the recruitment and retention issues faced by the social care market.
- 3.2 For Calderdale Council to work towards the continued implementation of the principles set out in the GMB and Unison Ethical Care Charters.
- 3.3 To delegate authority to the Director and Portfolio Holder in consultation with the section 151 officer for the implementation of the increased payments to providers.
- 3.4 To review the Medium-Term Financial Strategy and allocate additional funding to meet Calderdale's ambition to be leading council in committing to the payment of the Real Living Wage for care workers. Three options are set out below with the additional percentage uplift and funding required to facilitate the payment of the Real Living Wage.
- 3.5 Option **C** is recommended: To take an incremental approach to the implementation of The Real Living Wage (based on a projection of £10.45 per hour from April to October and £11.00 per hour from November to March in 2023/24) at an estimated cost of **£1,505,538** over and above the existing percentage uplift allocated in the Medium-Term Financial Strategy.

## 4. Background and/or details

### National Workforce Perspective

- 4.1 In social care the recruitment and retention of suitable staff continues to be a key factor in the stability of the social care market. There are many factors contributing to increasing levels of staff vacancies, namely the inability to compete with rising wages in other sectors, such as retail and hospitality. The consequences of Brexit and the new immigration system have also negatively impacted the employment of non-British nationals working in social care. Low wages have a huge impact on staff retention, and this will continue with the additional pressures of high inflation.
- 4.2 The attractiveness of working in social care goes beyond pay. Increases in pay needs to sit alongside other initiatives and support to the provider market. There must be better training and development opportunities, with improved career pathways. If we enhance terms and conditions, provision of wellbeing resources and make roles more fulfilling as well as improving direct pay, then both recruitment and retention should improve. Social care must be seen as a positive and viable career option, one that doesn't cause prospective employees to worry about being undervalued and overworked.
- 4.3 There is strong competition to fill vacancies in the care sector and this is compounded by competition across the hospitality and retail sector. Long-established care providers are saying that they have not seen a situation like this before. The Yorkshire and Humber ADASS branch has highlighted these issues nationally, this has included a letter to Secretary of State for Health & Social Care in September 2021. The letter outlined the need for further reform and the value that needs to be placed on care workers in terms of pay and terms and conditions. The letter compared rates of pay for care workers with those in the hospitality and retail sector, highlighting the competition to recruit workers and the preferential pay and terms workers can demand outside of care.
- 4.4 Hourly rates for care work across the region vary but were within the range of £8.91 to £10 in September 2021. By comparison, hospitality and retail competitors offered higher rates and greater additional incentives.
- 4.5 For example, Amazon paid their "fulfilment associate" £10.90/ hr for day and £11.40/ hr for night plus £1000 signing on bonus in August 2021, over time was paid at £15.60 (40-50 hours) and £20.80 for (50-60 hrs). Supermarket assistants were paid up to £11.70 per hour with additional discounts on their shopping and Primark were paying shop assistants £11.50 per hour.

### Calderdale Workforce

- 4.6 According to the latest published data (March 2021) from Skills for Care, in Calderdale there are an estimated 5,600 jobs in adult social care. This is split between local authority (11%), independent sector providers (76%) and jobs working for direct payment recipients (12%). The majority (85%) of the workforce in Calderdale are female, and the average age was 43.8 years old in 2021. Workers aged 24 and under made up 9% of the workforce and workers aged over 55 represented 27%. Annual turnover in the local workforce was 27.7 % per year in 2021. The workforce who are largely female and live within Calderdale are an

important component of the local economy. In the main they live, shop, and socialise in the local area and this benefits the health of the wider Calderdale economy.

- 4.7 Creating a stable and sustainable workforce must start with paying providers a fee rate that allows them to offer a decent rate of pay and favourable terms and conditions. A commitment to pay providers a fee which in turn allows them to pay “The Real Living Wage” is crucial to supporting stability within the local care market. Calderdale commissioned contracts currently stipulate that providers must pay as a minimum the National Living Wage. The social care sector has significant problems with high staff turnover and job vacancy rates. The turnover rate nationally is 31%, compared to the UK average across all employment sectors of 15%. Improvements in pay and terms and conditions would help to support sustainable careers in care.
- 4.8 A range of studies and campaigns have concluded that the care work force is undervalued and that current rates of pay do not reflect the skills and responsibilities of the role. NHS Band 3 staff such as healthcare support workers are currently paid an hourly rate between £10.40-£11.14 and have substantially better terms and conditions than those in comparable social care roles in the private and voluntary sectors.
- 4.9 The Homecare Association (formerly United Kingdom Homecare Association, UKHCA) sets a recommended minimum price for homecare each year. In 2022 this was set at £23.20 per hour. The rate is set to ensure provider can pay minimum compliant rates of pay, considering travel time, mileage and wage related on costs. This rate is higher than the current Calderdale rates for homecare. Current rates for homecare are Urban = £19.78 Rural = £20.70 per hour.

### **The Real Living Wage**

- 4.10 The real Living Wage is the only UK wage rate that is voluntarily paid by almost 10,000 UK businesses who believe their staff deserve a wage which meets everyday needs - like the weekly shop, or a surprise trip to the dentist. Almost 300,000 employees have received a pay rise because of the Living Wage campaign across a range of companies.
- 4.11 In April 2016 the government introduced a higher minimum wage rate for all staff over 25 years of age inspired by the Living Wage campaign, calling it the ‘national living wage. However, this wage is not calculated according to what employees and their families need to live. Instead, it is based on a target to reach 66% of median earnings by 2024. Under current forecasts this means a rise to £10.50 per hour by 2024 and from 2021 was adjusted to include those over 23 years old. The government minimum considers what is affordable for businesses. The Real Living Wage rates are higher because they are independently-calculated based on what people need to get by. The Real Living Wage campaign encourages all employers that can afford to do so to ensure their employees earn a wage that meets the costs of living, not just the government minimum.
- 4.12 The new Real Living Wage rates were announced on Monday 15th November 2021 and are announced annually in November each year the current rates are

£9.90 across the UK and £11.05 in London. Compared to the 22/23 NLW rate of £9.50 for people over the age of 25.

4.13 The table outlines rates from 2003-2022 for the real living wage and the national living wage.

Year	London Living Wage	UK Living Wage	National Minimum/ National Living Wage
2003/2004	£6.40		£4.50
2004/2005	£6.50		£4.85
2005/2006	£6.70		£5.05
2006/2007	£7.05		£5.35
2007/2008	£7.20		£5.52
2008/2009	£7.45		£5.73
2009/2010	£7.60		£5.80
2010/2011	£7.85		£5.93
2011/2012	£8.30	£7.20	£6.08
2012/2013	£8.55	£7.45	£6.19
2013/2014	£8.80	£7.65	£6.31
2014/2015	£9.15	£7.85	£6.50
2015/2016	£9.40	£8.25	£6.70
2016/2017	£9.75	£8.45	£7.20
2017/2018	£10.20	£8.75	£7.50
2018/2019	£10.55	£9.00	£7.83
2019/2020	£10.75	£9.30	£8.21
2020/2021	£10.85	£9.50	£8.72
2021/2022	£11.05	£9.90	£8.91
2022/2023	Announced Nov 2022	Announced Nov 2022	£9.50

### Calderdale Funding

4.14 Calderdale has supported local providers to improve their terms and conditions and to pay above the NLW. Homecare provision is an essential service underpinning our “Home First” model, supporting people to remain in their own homes for as long as possible and enabling people to return home following a hospital admission. Since the homecare contract went live in 2019, annual uplifts have been applied to the rate based on statutory National Living Wage (NLW) increases, additional inflationary pressures and the ambition for Calderdale employers to pay a rate more than the NLW. In 2021 providers were given an uplift of 4.8% to support paying above the NLW. In 2022 an uplift of 6.5% was applied to the homecare rate to consider the additional inflationary increases providers were facing alongside the rise in the NLW and employee National Insurance contributions.

4.15 Current rates for homecare are Urban = £19.78 Rural = £20.70 per hour. These rates are based on model recommended by the Home Care Association and

consider staff salaries, pensions, National Insurance, travel time, provider on costs and an element for profit. The model has been adjusted to reflect the provider market in Calderdale. In April 2002 the hourly rate of pay was adjusted within the model to £9.70, this was to ensure providers had sufficient funding to pay above the NMW.

- 4.16 Providers were also supported to implement an early uplift in hourly rates in December bringing forward the April 2022 NLW Rate of £9.50 by 4 months. This was funded by West Yorkshire Integrated Care System in recognition of the difficulties faced by the market and the lasting impact of Covid 19.
- 4.17 On average over the last 3 years the RLW rate (announced in November each year) has been £0.95 per hour higher than the NLW. If this differential remains broadly the same in 2022 it can be assumed that the RLW will be around £10.45. As the RLW is largely based on inflationary pressures and the actual cost of living, due to exceptional pressures the RLW may be closer to £11.00 per hour this year. This will not be known until November 2022, unless an announcement is made earlier.
- 4.18 The cost of increasing current rates from April 2023 for home care to pay the estimated November 2022 RLW rate of £10.45 are set out below. The cost of paying £11.00 per hour is also included due to the unknown impact of the exceptional inflationary pressures on the RLW rate.
- 4.19 Calculations have also been completed to look at the impact of applying a similar uplift on over 65s residential and nursing care homes. These show the increase to the base rates for care and the overall cost using the current number of LA funded in area residential and nursing care placements.
- 4.20 Additional funding required to pay the Real Living Wage in Calderdale for Older peoples Care Homes and Homecare from April 2023**

<b>Option A:</b>	<b>Option B:</b>	<b>Option C:</b>
<b>Estimated cost of paying £10.45 per hour (7.73% increase required)</b>	<b>Estimated cost of paying £11.00 per hour (13.4% increase required)</b>	<b>Estimated cost of a phased approach paying £10.45 per hour from April to September and £11.00 per hour from October to March in 2023/24</b>
<b>£2,060,528</b>	<b>£3,639,009</b>	<b>(10.6% increase required)</b> <b>£2,849,768</b>
<b>Additional budget required over and above 5% inflationary uplift currently assumed in the MTFS</b>	<b>Additional budget required over and above 5% inflationary uplift currently assumed in the MTFS</b>	<b>Additional budget required over and above 5% inflationary uplift currently assumed in the MTFS</b>
<b>£727,716</b>	<b>£2,281,170</b>	<b>£1,505,538</b>

4.21 The payment of the real Living Wage could be achieved through an incremental approach. This could be done over 2 financial years or over 1 financial year with an increase in April and a subsequent increase at the mid-year point in October to reduce the financial impact. The financial implications of these approaches are shown in the table above.

### **Charters for the delivery of Ethical Care**

4.22 Ethical Care Charters go beyond the commitment to pay a set rate for care and set out a number of principles to strengthen terms and conditions of employment. This includes paying a fair cost for the delivery of care which would be covered by the implementation of the Real Living Wage. The charters also set out requirements for the commissioning of care that move away from payment based on actual delivery for homecare and commit to block contracts with guaranteed hours to give providers and their staff stability. The charters emphasise the need for a well-trained workforce that have the skills and value base to deliver person centred care.

4.23 Both Unison and GMB unions have developed Ethical Care Charters relating to the provision of homecare. A few authorities have signed up to these charters, although Calderdale has not formally signed up to either charter, we follow many of the principles set out within these charters and aspire to meet other principles in our future commissioning of homecare services.

4.24 The GMB charter covers commissioning principles, a proposed hourly rate to ensure providers can recruit and retain suitable staff, ensuring up to date training is embedded and supported within the sector, a commitment to social value and assessment of providers to review their progress against these principles. There is also a commitment to work with providers to review the ongoing delivery of homecare and the contractual models used to this.

4.25 Unison's Ethical Care Charter highlights how poor terms and conditions for workers can help contribute towards lower standards of care for people in receipt of homecare services. It echoes many of the standards set out by GMB to improve the terms and conditions and training of the workforce.

4.26 Unison have also produced a Residential Care Charter. The charter sets out to provide the principles for good quality care that extends beyond basic tasks including activities and therapy for residents. The charter also emphasises the importance of health and safety and the key role of training. It sets out terms and conditions for employment including the commitment to pay the Real Living Wage set each November by the Living Wage Foundation.

## **Approach to delivering Ethical Care in Calderdale**

- 4.27 Calderdale's homecare contract, which was commissioned in 2019, took into account a range of considerations around support to providers and developing a sustainable model of care. The basis of the hourly was agreed using the UKHCA model, with adjustments – to reflect the Calderdale market, this was done in conjunction with finance colleagues. One of the main adjustments that brought the rate down from the higher rate suggested by the UKHCA was around the running cost and profit / surplus. It was not felt that the Council could include the suggested rates as these would create substantial financial pressures outside of the budget envelope for the delivery of homecare. The rates were also higher than other sectors of the market were including for running costs and profit / surplus.
- 4.28 The homecare contract also moved away from time and task and emphasises an approach that encourages service users to maintain their independence and to be actively involved in their care. This in turn offers a more fulfilling role of homecare workers.
- 4.29 The contract also outlines the comprehensive training requirements for care staff in Calderdale. To support these training requirements providers, have free access to the Local Authorities learning and development courses, which include a wide range of courses tailored to meet the skills required by care staff. Providers are also supported through sector specific forums, a Registered Managers Network and have an allocated Business Relationship Manger allocated to advice and support them. Visits from Calderdale's Quality team provide valuable support to ensure providers maintain good quality care and seek to continually improve their local provision.
- 4.30 The contract strongly encourages providers to restrict the use of zero hours contracts to offer stability to the workforce and the people they support. It also sets out our approach to social value and the training, supervision and personal development required from providers offering a service in Calderdale.

## **Fair Cost of Care and Market Sustainability Plan**

- 4.31 Calderdale are currently undertaking a Fair Cost of Care exercise and will be required to submit a Market Sustainability Plan for Calderdale to DHSC in October 2022. Following an announcement by the Prime Minister in September 21 each local authority now has the opportunity to work with providers of older peoples residential/nursing care and home care to conduct a cost of care exercise to determine sustainable fee rates and identify how close they are to it. They must engage with local providers to improve data on operational costs and the number of self-funders
- 4.32 Exercises will need to accurately reflect local costs such as staff pay and travel time and provide for an appropriate return on capital or return on operations. Local authorities will be expected to report on final (anonymised) results to Department of Health and Social Care.
- 4.33 Local authorities must produce a provisional market sustainability plan setting out local strategy for the next 3 years (2022 to 2025) – using the cost of care



exercise as a key input, this provisional plan will demonstrate the pace at which local authorities intend to move towards a sustainable fee rate.

4.34 We are currently actively working with homecare and care home providers to complete the national toolkits and ensure we have a representative sample of our local care market to accurately inform our Market Sustainability Plan.

4.35 A commitment to meeting the RLW rate of pay in Calderdale will help substantially in our steps towards a sustainable fee rate over the next 3 years.

## 5. Options considered

5.1 **Option A** -To implement the Real Living Wage (based on a projection of £10.45 per hour) from April 2023 at an estimated additional cost of **£727,716** over and above the existing percentage uplift allocated in the Medium-Term Financial Strategy.

5.2 **Option B** -To implement the Real Living Wage (based on a projection of £11.00 per hour) from April 2023 at an estimated additional cost of **£2,281,170** over and above the existing percentage uplift allocated in the Medium-Term Financial Strategy.

5.3 **Option C**-To take an incremental approach to the implementation of The Real Living Wage (based on a projection of £10.45 per hour from April to October and £11.00 per hour from November to March in 2023/24) at an estimated cost of **£1,505,538** over and above the existing percentage uplift allocated in the Medium-Term Financial Strategy.

5.4 To work to the principles of the Unison and GMB ethical care charters by achieving a fee rate that represents a fair cost of care for the Calderdale workforce. Continuing to work towards the commitment to commission social care that improves recruitment and retention, embeds high standards of staff training and delivers social value in Calderdale.

## 6. Financial implications

6.1 **Additional funding required to pay the Real Living Wage in Calderdale for Older peoples Care Homes and Homecare from April 2023.**

<b>Option A:</b>	<b>Option B:</b>	<b>Option C:</b>
<b>Estimated cost of paying £10.45 per hour (7.73% increase required)</b>	<b>Estimated cost of paying £11.00 per hour (13.4% increase required)</b>	<b>Estimated cost of a phased approach paying £10.45 per hour from April to September and £11.00 per hour from October to March in 2023/24</b>
		<b>(10.6% increase required)</b>
<b>£2,060,528</b>	<b>£3,639,009</b>	<b>£2,849,768</b>

<b>Additional budget required over and above 5% inflationary uplift currently assumed in the MTFS</b>	<b>Additional budget required over and above 5% inflationary uplift currently assumed in the MTFS</b>	<b>Additional budget required over and above 5% inflationary uplift currently assumed in the MTFS</b>
<b>£727,716</b>	<b>£2,281,170</b>	<b>£1,505,538</b>

The Medium-Term Financial Strategy (MTFS) for Calderdale is based on the assumption of an inflationary uplift of 5% for contracted providers in April 2023 and a further 5 % uplift in April 2024. so additional budget would need to be allocated to meet the uplifts required to implement the Real Living Wage. Cabinet will be reviewing the MTFS in Autumn 2022.

The inflationary uplift in the MTFS would need to be increased from 5% to facilitate the Real Living Wage costs. The additional % uplift over and above the 5% in the MTFS required for each option is set out below:

**Option A: 2.73% (£727,716).**

**Option B: 8.4% (£2,281,170).**

**Option C: 5.6% (£1,505,538).**

## 7. Legal Implications

7.1 A variation to contract letter would need to be issued to providers if an exceptional price increase were to be implemented with conditions around an increase to support staff hourly rates. Legal advice was sought in 2021 to issue contract variations to ensure that providers who accepted an exceptional inflationary increase passed this on to their staff and paid the Low Pay Commission rate of pay as a minimum (£9.21 per hour in 2021).

The clause to contracts could read as follows:

***“The Provider is required to use the 2023 /24 Extraordinary Increase to directly increase the hourly pay of Staff providing the Services to £X and to pay any employer costs of the Provider directly related to such increase in hourly pay and for no other purposes.”***

Therefore, we would anticipate issuing a not dissimilar variation to contract

## 8. Human Resources and Organisation Development Implications

8.1 There are no implications as this relates to commissioned activity and not staff directly employed by the local authority.

## 9. Consultation

9.1 Consultation takes places with providers each year during the fee setting process. Consultation is held with each sector to understand the pressures that are pertinent to their delivery of care.

## 10. Environment, Health and Economic Implications

### 10.1 **ADVICE MUST BE SOUGHT FROM THE DIRECTOR OF PUBLIC HEALTH**

## 11. Equality and Diversity

11.1 In 2021 the majority (85%) of the workforce in Calderdale were female, and the average age was 43.8 years old. Workers aged 24 and under made up 9% of the workforce and workers aged over 55 represented 27%. Given this age profile approximately 1,300 people will be reaching retirement age in the next 10 years. Nationality varied by region, in England 83% of the workforce identified as British, while in the Yorkshire and the Humber region this was 93%. An estimated 97% of the workforce in Calderdale identified as British, 1% identified as of an EU nationality and 2% a non-EU nationality, therefore there was a similar reliance on EU and non-EU workers.

## 12. Summary and Recommendations

12.1 It is recommended that **option C** is taken forward alongside the recommendation to work to the principles of the Unison and GMB ethical care charters by achieving a fee rate that represents a fair cost of care for the Calderdale workforce. Continuing to work towards the commitment to commission social care that improves recruitment and retention, embeds high standards of staff training and delivers social value in Calderdale.

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### The documents used in the preparation of this report are:

1. UNISONs residential charter-[24230.pdf \(unison.org.uk\)](#)
2. UNISONs home care charter- [UNISONs HOME CARE CHARTER](#)
3. GMBs Ethical care Charter- [CARE COMMISSION 2020.pdf \(gmb.org.uk\)](#)
4. Yorkshire and Humber ADASS Adult Social Care pressures letter



YH Letter re Adult  
Social Care pressure

5. DHSC Market Sustainability and fair Cost of Care-[Market Sustainability and Fair Cost of Care Fund: purpose and conditions 2022 to 2023 - GOV.UK \(www.gov.uk\)](#)

6. Real Living Wage Calderdale Calculations



Real Living Wage  
Comparison.xlsx

7. Calderdale Social Care Workforce profile- Skills for Care  
[Calderdale Summary 2021 \(skillsforcare.org.uk\)](#)