

# Temporary Funding for Adult Social Care providers during the Covid-19 Crisis



## Introduction

This statement has been produced to give a framework for the consideration of the 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. It is not intended to impede local successful relationships with providers, but to recognise that nationally there are critical concerns about sustainability and price.

Providers have several concerns which reflect their anxieties about being able to survive in the short term. Some of those concerns are operational such as the need to ensure that care workers have the right personal protective equipment and appropriate testing. However, there are also immediate and very pressing concerns about the increased costs they are facing and the impact this will have on their cash flow.

Councils also have concerns about the range of calls on the Covid-19 funding which has been made available to them by Government and need to carefully monitor the additional costs being incurred to support adult social care providers.

Many authorities have already taken action to support providers in meeting the additional costs that they face locally and in managing cash flow challenges. We hope that the information about the scale and nature of pressures set out in this statement will help councils who have not yet been able to agree what level of temporary additional support providers in their local area will need. We would welcome a local open book dialogue to build trust between commissioners and providers.

## Objectives

Adult social care faces three major challenges over the next four weeks and beyond in response to Covid-19:

- a) To ensure that the adult social care sector continues to provide care to those who need it at a time when providers will need to recruit additional employees to replace those who are off sick or to respond to increased demand. This will be a cost pressure for providers which must be recognised. Other sectors have reported staffing absences of over 20% at any point in time.

All the evidence is that adult social care is facing similar challenges. This will be a significant challenge especially given the high level of vacancies in the sector

## Temporary Funding for Adult Social Care providers during the Covid-19 Crisis

and the significant turnover of employees and will mean that providers incur additional costs. Providers are likely to face other increased costs especially Personal Protective Equipment (PPE) and the extra time required to deliver care safely whilst following infection control guidance.

It is important to acknowledge the existing fragility of the care market before it had to contend with the challenges arising from Covid-19. It is not intended that the additional £1.6 billion of Government funds are used to make up previous shortcomings.

- b) To support the immediate discharge of hospital patients who are medically fit to leave. Adult social care packages will be required for many of those people. Home care packages and care home placements will need to be sourced locally and fees agreed locally with providers along with the NHS and Government organising appropriate testing.

Given the need for immediate discharge from hospital within two hours, for additional reablement capacity to maximise independence and the implications of Covid-19, we need to invest in safe and sustainable approaches that will in themselves help people recover and free up resources. All organisations should be following the guidance on discharge that has been issued.<sup>1</sup> Local authorities are the lead commissioners of discharge care packages working closely with colleagues from the NHS.

- c) To increase capacity to enable the social care system to meet additional need and demand in relation to hospital discharge the NHS is seeking to achieve. This is through a combination of a 5% increase in care home capacity utilising half of the existing vacancies – 20,000 beds and increasing capacity for care at home by 10% including home care, personal assistants and other community and voluntary services.

In some instances where homes have inadequate quality, this will require additional staffing and oversight from health and social care. Capacity cannot be judged simply by the number of hours but also needs to take account of how the services in the community help people to recover and rehabilitate.

### Funding Providers

There are 3 areas where councils can take action to support providers as they manage through this crisis; in many cases some or all these actions will have been taken or be under consideration:

1. It is important that underlying fee increases for 2020/21 consider the impact of the 6.2% increase in the National Living Wage with effect from 1st April 2020. We estimate that the impact of this on provider costs is approximately 5%. Our

---

<sup>1</sup> <https://www.local.gov.uk/our-support/coronavirus-information-councils/covid-19-adult-social-care-and-support>

## Temporary Funding for Adult Social Care providers during the Covid-19 Crisis

calculation recognises that all providers will face an increase in their labour costs of 6.2%. However, labour related costs only make up a proportion of the costs of providing care. We have assumed that those other costs (accommodation, equipment, overheads and profits) make up 30% of costs.

We have assumed that inflation is 2.5% on those other costs. Councils will have already budgeted for revised fee levels in 2020/21 so this is not a call on the £1.6bn Covid-19 resources.

Providers have given positive feedback about the approach taken by some councils but are also critical about the lack of information provided by other local authorities about the level of fees payable from 1 April. We would refer all local authorities to the commissioning guidance note published by the LGA, ADASS and the Care Provider Alliance<sup>2</sup>. Local government will be working with the Care Provider Alliance to share best practice to help with the implementation of that guidance note.

2. 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 costs. It is suggested that any temporary increase could be initially for 1 month with effect from 1<sup>st</sup> 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.

Councils will want to monitor the actual impact on provider costs, and this will also be reviewed nationally in conjunction with the Care Providers Alliance (CPA) during April and each month thereafter. It could also be affected by the different impact of the pandemic in each area on provider costs.

Local authorities will need to consider the most efficient and effective way of making these additional payments which could include by agreement to directly meet additional costs, by uplifts to fees or through support in kind e.g. staffing. We suggest that any temporary increase is conditional on providers continuing to accept new service users (where it is safe to do so and committing to work collaboratively locally).

An initial review of the information from providers suggests that nationally costs are likely to increase by in the region of 10% in April. However, we want to understand this issue better. It may be the case that costs in learning disability services may be differently affected and may need a differing local solution. There are many calls on the Government grant of £1.6 billion and whilst it was expected that a substantial part of would be needed for adult social care, it would not be possible to sustain substantial temporary increases in funding to providers over a number of months without additional Government resources.

---

<sup>2</sup> <https://local.gov.uk/coronavirus-information-councils/social-care-provider-resilience-during-covid-19-guidance-commissioners>

## Temporary Funding for Adult Social Care providers during the Covid-19 Crisis

If temporary costs are increasing by significantly more than is affordable from the £1.6 billion funding, then we will join with providers in requesting more resources from the Government to help fund this additional burden. Consideration of the long term impact on the sector must be taken into account once the additional Government funds cease.

3. To help providers with their cash flow especially in the current month. Many authorities are already taking action to do this, for example, paying on plan in advance, for anticipated care delivery rather than in arrears, with retrospective adjustment as required and appropriate. This would mean payment at the beginning of every month for the work planned for that month. It is important that the first payment is made as early as possible in April.

For providers, this would mean that they would receive two payments in April: the payment for March in arrears and the payment for April in advance. We believe that this will help with the challenges of managing their cash flow.

### Funding Services to Support Discharge from Hospital

On 19<sup>th</sup> March 2020 the Secretary of State for Health and Social Care wrote to local authority Chief Executives and Directors of Adult Social Services about the coronavirus pandemic. As well as commenting on the additional pressures on adult social care which are considered above in this note, he also referred to the £1.3 billion funding to the NHS to support enhanced discharge arrangements.

“This will include providing free out-of-hospital care and support to people discharged from hospital or who would otherwise be admitted into it, for a limited time. This will remove barriers to discharge and transfer between health and social care, and get people out of hospital quicker and back into their homes, community settings or care settings.”

We have been working with the NHS and central Government to provide some advice about those resources. We expect to issue further advice on this in due course.



**Cllr Ian Hudspeth**  
LGA Community Wellbeing  
Board Chairman



**Julie Ogley**  
ADASS President