

**Report to:** STRATEGIC COMMISSIONING BOARD

**Date:** 24 June 2020

**Executive Member:** Councillor Eleanor Wills  
Executive Member for Health, Social Care and Population Health

**Clinical Lead:** Asad Ali (Living Well)  
Ashwin Ramachandra (Living Well, Finance & Governance)

**Reporting Officer:** Stephanie Butterworth - Director of Adult Services

**Subject:** ADULT SERVICES FINANCIAL SUPPORT RESPONSE TO THE PROVIDER MARKET DURING THE COVID-19 PANDEMIC – UPDATE JUNE 2020

**Report Summary:** The report updates Board on the Adult Services financial support response to the provider market during the pandemic which was agreed at Covid Board 8 April 2020.

The original report outlined the response to [Procurement Policy Note 02/20 \(PPN 02/20\): Supplier relief due to Covid-19](#) in relation to providers of care in Tameside. The PPN 02/20 note set out that contracting authorities should support providers at risk so they are better able to cope with the current crisis. This Policy Note is due to be updated 30 June 2020; any update will be reflected in future decisions.

With the increasing pressure on commissioned services we are reliant on provider stability during the pandemic. It is important that we continue to support our communities by ensuring as far as possible we have a resilient economy both in terms of the providers who deliver services and the people they employ. We also need to ensure that we have a market solidly in place delivering quality services beyond the pandemic.

Providers have continued to support our most vulnerable people during this period. Where they have not been able to respond in their usual way, different and creative ways of delivery of services has been undertaken.

It is essential that we continue to support our providers of social care support through these unprecedented times, and that providers are in a strong position to take new referrals on quickly to move people out of hospital care or avoid admissions to hospital. The measures proposed were devised to support providers financially through improved cash flow and incentivise taking on new referrals in recognition of the two hour discharge guidance.

Increased level of vacancies has become apparent during the pandemic, which places financial pressure on the providers putting their short and longer term viability at risk. The financial support that has been put in place supports market management by ensuring home owners that are at risk of going out of business are in a position to resume normal

contract delivery once the outbreak is over. The Council requires a sustainable Care Homes market as we progress through the pandemic and beyond.

These terms were agreed until 15 July 2020, it is proposed that agreement for a further month, to 15 August 2020 is approved and reviewed thereafter on a monthly basis.

The report seeks authorisation for the Director of Adult Services in consultation with the Director of Finance, subject to review as outlined, approve the extensions going forward.

**Recommendations:**

That the SCB extend the previous decision regarding financial support as set out in the report for one month to 15 August 2020 and is then subject to further review. Should there be a requirement for any further extensions these will be set out and agreed through the monthly finance report considered by SCB going forward.

**Financial Implications:**

**(Authorised by the statutory Section 151 Officer & Chief Finance Officer)**

<b>Budget Allocation (if Investment Decision)</b>	<b>£ 6.2 Million – CCG NHS Covid Funding</b>
<b>CCG or TMBC Budget Allocation</b>	<b>CCG</b>
<b>Integrated Commissioning Fund Section – s75, Aligned, In-Collaboration</b>	<b>Section 75</b>
<b>Decision Body – SCB Executive Cabinet, CCG Governing Body</b>	<b>SCB</b>

**Additional Comments**

The report requests an extension to the existing decision approved on 8 April 2020 for a further month with a review thereafter.

The summary of the actual and estimated payments to care homes for the guaranteed 90% occupancy level and 20% premium on any Council and CCG placements for the period 19 March to 30 June 2020 is provided in section 4.5 table 2. May and June are estimated at this stage until the actual occupancy levels are received at each respective month end date. The total sum paid to date is £ 1.094 million and is being funded from the NHS covid funding allocation of £ 6.2 million as referenced in section 3.1 b.

In addition the continuation of payments to day service providers is provided in section 4.5 table 3 for the period 1 April to 30 June 2020. The June payment is currently estimated at this stage. The total sum is £ 0.315 million and is also being funded from the NHS covid funding allocation of £ 6.2 million as referenced in section 3.1 b.

Members should note that whilst day service providers continue to be paid, service users are temporarily not financially contributing towards any service delivered due to the restrictions of the pandemic.

All ongoing costs relating to the care home and day services covid response will continue to be funded via the NHS covid funding allocation of £ 6.2 million whilst the funding is available to support the related expenditure.

**Legal Implications:  
(Authorised by the Borough  
Solicitor)**

The Procurement Policy Note requires local authorities to review its contract portfolio to identify those suppliers who are at risk and then consider a range of measures to assist those suppliers.

Those measures include:

- Payment in advance
- Interim payments
- Payment on order
- Immediate payment of invoices received

Payments should not be made in advance to suppliers with no contractual volume commitment and only exceptionally to suppliers who are under performing and/or subject to an improvement plan.

Any measures which are agreed with suppliers should be embodied in a contract variation together with a clear review mechanism and a clear time limit.

As set out in the main body of the report the The Procurement Policy Note does not include the additional 20% uplift in fees therefore Members need to be content that the uplift is required and also that the Council has the funds to meet the additional costs, particularly as this report indicates that there may be insufficient funding for this proposal which will result in budgetary pressures.

Members also need to be content that suppliers are engaging with the open book accounting arrangements and that variations of contract to include a provision to recover any over payment or additional profit from the supplier as a result of the implementation of any of these measures have been entered into to ensure that the necessary due diligence can be undertaken so that monies can be recovered if necessary.

**How do proposals align with  
Health & Wellbeing Strategy?**

The proposals align with the Living Well and Aging Well programmes.

**How do proposals align with  
Locality Plan?**

The services link into the Councils priorities:-

Help people to live independent lifestyles supported by responsible communities.

Improve health and wellbeing of residents

Protect the most vulnerable.

**How do proposals align with  
the Commissioning  
Strategy?**

This supports the 'Care Together Commissioning for Reform Strategy 2016-2020' commissioning priorities for improving population health particularly – creating the right care model so that people with long term support needs have the opportunity to build independence skills and reduce dependency on the health and social care system.

The services contribute to the commissioning strategy by:

- Empowering citizens and communities
- Commissioning for the “whole person”

**Recommendations / views of the Health and Care Advisory Group:**

This report has not been presented to HCAG

**Public and Patient Implications:**

Those accessing the services have been identified as having eligible needs under the Care Act 2014 or are assessed as requiring preventative services to delay eligibility and entrance to eligible services.

**Quality Implications:**

These services support quality outcomes for people to continue living well in their own homes and local communities.

**How do the proposals help to reduce health inequalities?**

The services delivers whole life support to vulnerable people including ensuring individuals have access to health lifestyles.

**What are the Equality and Diversity implications?**

There are no negative equality and diversity implications associated with this report.

**What are the safeguarding implications?**

There are no safeguarding implications associated with this report. Where safeguarding concerns arise as a result of the actions or inactions of providers and their staff, or concerns are raised by staff members or other professionals or members of the public, the safeguarding policy will be followed.

**What are the Information Governance implications? Has a privacy impact assessment been conducted?**

Information governance is a core element of all contracts. The necessary protocols for the safe transfer and keeping of confidential information are maintained at all times by both commissioner and provider. Privacy impact assessments have not been carried out.

**Risk Management:**

Risks will be identified and managed by the appropriate officers.

**Access to Information:**

The background papers relating to this report can be inspected by contacting the report writer

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## 1. INTRODUCTION

- 1.1. On 20 March 2020 the Cabinet Office issued Procurement Policy Note 02/20 - Supplier Relief Due to Covid-19. This set out information and guidance for public bodies on payment of their suppliers to ensure service continuity during and after the current Covid-19, outbreak. The note stipulated that contracting authorities must act to ensure suppliers at risk of going out of business are in a position to resume normal contract delivery once the outbreak is over.
- 1.2. An Executive Decision was made on 8 April 2020 addressing the policy note and detailed Adult Services financial support response to the provider market during the Covid-19 pandemic and offered a package of support beyond that set out in the Procurement Policy Note 02/20.

### **The decision determined the following:**

#### **Care Homes**

*To pay in borough care home providers a monthly gross sum at the start of the month the relevant care home bed fee rates based on 90% occupancy levels (less the places funded by other third parties). The Council therefore guarantees each care home will receive income for 90% of its available beds each month including private and out of borough placements.*

*Fee rates for occupancy levels above 90% will be enhanced by a premium of 20% per bed. This enhancement is designed to incentivise homes to continue to take new residents in a difficult climate and recognises the additional cost pressures due to staff shortages and therefore agency staff use; increased number of staff due to social distancing measures; and the increased costs attributed to supplies including food, PPE equipment and equipment.*

*These funding arrangements will be backdated to 19 March 2020.*

*To take effect with immediate effect for 4 months with a review to be undertaken by 15 July 2020 when the arrangements will cease if not sooner.*

#### **Support at Home**

*To pay the support at home providers a monthly sum at the start of each month which is the average actual hours based on the 3 month period 1 January 2020 to 31 March 2020. This will be a minimum guaranteed amount. If providers deliver in excess of these hours there will be an adjustment made in the following calendar month.*

*To take effect with immediate effect for 4 months with a review to be undertaken by 15 July 2020 when the arrangements will cease if not sooner.*

#### **Day Services**

*To pay the day service providers a monthly sum which is average actual placements delivered based on the 3 month period 1 January 2020 to 31 March 2020.*

*To take effect with immediate effect for 4 months with a review to be undertaken by 15 July 2020 when the arrangements will cease if not sooner.*

#### **Supported Accommodation and other block contract**

*Where we have a block contract arrangement in place with providers the Council will continue to pay the contracted rate even if numbers accessing the service reduces during this period.*

*This proposal will be subject to review on 30 June 2020 and renewed monthly thereafter.*

## **2. CURRENT POSITION**

- 2.1. Discussion with the providers indicated that they are dealing with significant increases in costs and increased level of vacancies soon became apparent which places financial pressure on the providers putting their short and longer term viability at risk.
- 2.2. Members are to note that since the original decision the Council has been allocated the Infection Prevention Fund from the Government equating to £2.131 million, 75% of which has to be allocated to care homes. The details of which are contained in a further report on the same agenda.
- 2.3. The Council wrote to all of its providers, with a clear offer of financial support to protect their cash flow and to allow them to respond as flexibly as possible to the crisis.
- 2.4. The Council have ensured invoices submitted by suppliers have been paid immediately on receipt in order to maintain cash flow in the supply chain and protect jobs.
- 2.5. It is important that we continue to support our communities by ensuring as far as possible we have a resilient economy both in terms of the companies who deliver services and the people they employ.
- 2.6. Providers have agreed to act on an open book basis and make cost data available to the Council during this period. The new arrangements have an expectation that they will continue to pay employees at their usual rate.
- 2.7. It has been included in the communication to the providers from the Council that as the Government have also made available various supplier support reliefs during the Covid 19 period, some of which are financial that providers should not be claiming contractual relief from a local authority and claiming separate relief from the Government to the effect that a supplier gains an undue advantage by claiming relief twice for the same hardship.
- 2.8. Suppliers have been informed if they are found to be taking undue fair advantage, or failing in their duty to act transparently and with integrity, then the Council has a right to take action to recover payments made.

### **Care Homes**

- 2.9. We are currently paying in borough care home providers a monthly gross sum at the start of the calendar month which is calculated on 90% occupancy levels (less the places funded by other third parties). Therefore the Council has guaranteed that each in borough care home receives income for 90% of its available beds including private and out of borough placements. For context table 1 provides a summary of the total occupancy levels for all care homes at the end of March and April compared to the adjusted Care Quality Commission (CQC) registered number of beds. Occupancy levels at 31 May are currently under validation. The occupancy levels include a combination of Tameside Council and Clinical Commissioning Group (CCG) placements, privately funded placements and placements commissioned via other local authorities and CCG's. Members should note that homes will be under, over or at the 90% occupancy level at each month end date.

**Table 1**

	<b>Number</b>	<b>Vacant Beds</b>	<b>% Occupied</b>
Operational Beds	1,478		
Occupancy Levels at 31 March 2020	1,343	135	90.9
Occupancy Levels at 30 April 2020	1,234	244	83.5

- 2.10. Fee rates for occupancy levels above 90% are enhanced by a premium of 20% per bed.
- 2.11. These arrangements were backdated to 19 March 2020 and are in recognition of the accelerated hospital discharge arrangements in place from this date and support market management to ensure home owners that are at risk of going out of business are in a position to resume normal contract delivery once the outbreak is over. The Council requires a sustainable Care Homes market as we progress through the pandemic and beyond
- 2.12. It should be recognised that the 20% premium payment for occupancy levels above 90% is only paid for beds occupied and commissioned by the Council and CCG and does not secure any additional vacant beds within the home.
- 2.13. The Procurement Policy Note does not provide a measure to increase the level of fees paid. This is something the service is offering over and above the government guidance in order to sustain the market in the short and longer term.
- 2.14. Please see 3 below for the financial implications of the decision.

### **Support at Home**

- 2.15. The support at home providers are paid a monthly sum at the start of each calendar month which is the average actual hours delivered based on the 3 month period 1 January 2020 to 31 March 2020. This is a minimum guaranteed amount. If providers deliver in excess of these hours there is an adjustment made in the following calendar month.
- 2.16. This ensures stability with providers and supports the accelerated hospital discharge process that requires providers to be agile enough to commence care packages within 2 hours of notification of an individual being ready to be discharged.
- 2.17. To date none of the providers actual delivered hours have fallen below that of the average actual hours delivered between 1 January 2020 and 31 March 2020 so there has been no additional cost to the Council for hours not provided.

### **Day Services**

- 2.18. The day service providers are paid a monthly sum which is the average actual placements delivered based on the 3 month period 1 January 2020 to 31 March 2020.
- 2.19. This ensures stability with providers. Many of the day service providers are voluntary sector and community groups so do not have the capital to sustain their operations without financial support. For many of them families have made the decision to withdraw their family member to reduce their risks of contracting covid-19 so it has not been viable to retain services in their usual format.
- 2.20. The providers have been consulted and although day services provision is not being delivered within the agreed contracted service specification, different ways of delivery has been established e.g. via telephone calls, group sessions via electronic media, social distancing visits and welfare checks.

### **Supported Accommodation and other block contract arrangements**

- 2.21. Where the Council has a block contract arrangement in place with providers the Council have continued to pay the contracted rate even if numbers accessing the service reduces during this period.
- 2.22. The payment arrangement has stayed as defined in the existing contract terms.
- 2.23. The providers have had continued dialogue with the Council regarding service delivery and where they are delivering services in different ways.

## **3. GOVERNMENT FUNDING**

- 3.1 The Government was quick to announce direct support to Local Government in the form of a £4.5 bn announcement to be paid in the new financial year. This is split into two parts:
  - a) **£3.2 bn – unringfenced grant** (Tameside to receive £13.9 m) to cover costs such as:
    - i. Increased demand and costs of adult social care
    - ii. Increased demand and costs of providing children’s social care
    - iii. Additional support for homeless and rough sleepers
    - iv. Support those at higher risk of illness from COVID 19
    - v. Meeting pressures across other services including reduction in income
  - b) **£1.3bn – to the NHS via CCGs 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.
- 3.2 It is estimated that Tameside and Glossop CCG would expect to receive around £6.2 m.
- 3.3 This initial funding support, whilst welcomed is insufficient to cover the costs and loss of income that is already known from the Covid-19 closedown. It is currently estimated that the funding will only support 33% of the additional expenditure and loss of income.

## **4. COVID 19 – ESTIMATED FINANCIAL IMPLICATIONS**

- 4.1 Members should note the significant value of the care home and home care revenue budgets within the Adult Services directorate relating to this decision but should note the total costs incurred to date of this decision have and will be financed via the NHS covid funding.
- 4.2 The 2020/21 Care Homes gross revenue expenditure budget is £ 30.7 million with a gross income budget (inclusive of client contributions towards care packages) of £ 12.8 million i.e. a net revenue budget of £ 17.9 million.
- 4.3 The 2020/21 Home Care gross revenue expenditure budget is £ 8.3 million with a gross income budget (again inclusive of client contributions towards care packages) of £ 7.2 million i.e. a net revenue budget of £ 1.1 million.
- 4.4 Table 2 and 3 provide a summaries of the costs incurred to date relating to the care home fee response and sustainability of day service providers. The total costs incurred to date have and will be financed via the NHS covid funding as referenced in section 3.1b.



4.5 **Table 2 – Payments To Care Homes**

<b>Month</b>	<b>Actual / Estimate</b>	<b>£'000</b>
March (part month from 19 March)	Actual	82.30
April	Actual	362.82
May	Estimate	253.49
June	Estimate	395.70
<b>Total</b>		<b>1,094.31</b>

**Table 3 – Payments To Day Service Providers**

<b>Month</b>	<b>Actual / Estimate</b>	<b>£'000</b>
April	Actual	105.02
May	Actual	105.02
June	Estimate	105.02
<b>Total</b>		<b>315.06</b>

**5. RECOMMENDATIONS**

5.1 As set out on the front of the report